ESTABLISHED 1887

## Mengele on the Run: A Protector Speaks

SAO PAULO — As Brazilian investigators prepared to begin major forensic work on remains alleged to be those of Josef Mengele, the Nazi war criminal, the man who claims to have sheltered him for the last years of his life has provided new details of what he said was Dr. Mengele's time in Brazil under an assumed identity.

Wolfram Bossert, 59, and his wife, Liselotte, 57, in an interview Sunday at a secluded forest hut that they said Dr. Mengele sometimes visited, denied having been in contact with any international network of postwar Nazi protec-

"If an organization of Nazis really exists, then they should be ashamed not to have found any other protection or shelter for Mengele than a Hungarian cou-ple or myself, who had nothing to do with it. I was 19 when the war ended," Mr. Bossert said. He denied that any organization had in which he claims to have protected the war criminal.

The Bosserts say they sheltered Dr. Mengele at their farm from 1975 to February 1979, when, they say, he drowned in a swim-ming accident. They said Dr. Mengele disclosed his identity to them when he was certain that

they would not give him away. The search for Dr. Mengele began to focus on Brazil after West German police found a cache of letters last month leading them to a grave exhumed Thursday out-side São Paulo. Officials have said that examination of the remains is expected to take as long

Opinions of officials and private Nazi hunters about the new chies to Dr. Mengele's where-abouts in the 1960s and 1970s have varied, and extensive police work remains before the claims about the life and death in Brazil of the man alleged to have been Dr. Mengele can be verified.

West German experts in Brazil

Lebanon on Monday but left mili-

In Jerusalem, Prime Minister

Shimon Peres told parliament, "Is uniforms.

rael is completing its departure from Lebanese land and from Leb-

Lebanese land or water from Leba-

"The departure of the Israel De-

fense Forces from Lebanon not

and ends our presence in Lebanon

our presence had raised," he said.

Mr. Peres also issued an Israeli

Palestinian delegates within three

In his address to the Knesset,

have now proved to be baseless.

anese politics.

Army withdrew its last units from tion Organization.

rumors that Israel had its eyes on try as never before.

مساحد الطفاون

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Wolfram Bossert and his wife, Liselotte, who say they harbored Josef Mengele, watch diggers exhume re-mains that they claim are those of the Nazi war criminal.

He was a very intelligent man. He was an SS officer. When there was a news article about him, he'd sit thinking for hours.'

As the final contingent of 30 li advisers and troops were expect-

pulled out its last unit, ending a damage, were the first to land in

been completed last week on the Lebanon. "The border cannot be

- Wolfram Bossert

to a report Monday in a West help. But I can guarantee that in that Israel would continue efforts to catch him, news agencies re-

"I've heard of the Odessa," Mr. Bossert said Sunday, referring to an organization believed to have helped take Nazis out of Europe after the war. "It probably existed, because Mengele obviously left Germany with someone's

Last of Israeli Units Leave Lebanon;

Reuters Egypt and Palestinians who are not sources say it METULIA, Israel —The Israeli members of the Palestine Libera- closer to 500.

agents behind to watch over the women soldiers rushed forward to Christian force.

southern border zone, generals at embrace arriving troops and

"In the Arab world there were rael 654 dead and divided the coun-

plan for opening direct Middle tioned in a security strip in Leba East peace talks with Jordan and non just north of Israeli border.

tonths. the security zone it has established, The plan for peace talks, which 8 to 12 miles (about 12 to 20 kilo-

contained no sharp departures meters) deep in places, to the South

Peres Urges Peace Talks in 3 Months

tary advisers and plainclothes tanks rolled across the frontier, ed to remain in the zone to aid the

pinned paper flowers with the words "Welcome Home" on their

Generals said the army had now

Israel's three-stage pullback be-

nese rivers or on Lebanese politics," he said. "All these rumors gan in February, It was due to have Lubrani, Israel's coordinator for

third anniversary of the June 6,

No official reason was given for

but also puts a halt to the fears that the delay. Western experts specu- effort to seek out the guerrillas re-

lated Israel wanted more time to

strengthen the Israeli-backed

South Lebanon Army that is posi-

tioned in a security strip in Leba-

Israel has said it would turn over

1982. Israeli invasion.

German newspaper, but an Israe- our case there was no contact with anyone. I was alone with Perhaps that's the reason why

he was never discovered. If the circle had been wider then he could have been found."

Mr. Bossert said that Dr. Mengele, who had assumed the identity of an Austrian named Wolfgang Gerhard, was paranoically shy and would never go out with-

An undisclosed number of Israe-

Hours before the last units

pulled out Monday, two Katyusha

rockets fired from Lebanon ex-

ploded at Moshav Shomera, an ag-

ricultural settlement on the border.

Israel since the withdrawal began.

"No one who deals with Leba-non ever claimed that we should

not anticipate Katyushas," said Uri

Army attack helicopters were

sent into southern Lebanon in an

sponsible for the attack, security

The 1982 invasion was launched

with the declared aim of driving

Palestinian guerrillas out of rocket

sealed hermetically."

sources said.

southern Lebanon.

finctive forehead. On the street he imagined that everyone was

"He wasn't so stupid to risk his life," Mr. Bossert said. "He was very cautions. He was the most

sought after man in the world."
"He had a tremendous will to live; that's why he survived so long. He used all means available to ensure his security and protec-

tion," Mr. Bossert said.
"He was a very intelligent man.
Don't forget he was an SS officer. Sometimes he'd sit and think about all the possibilities. When there was a news article about him, he'd sit thinking for hours, about where the news came from and if it was true or a police

Dr. Mengele, who was known as the "Angel of Death," con-ducted gruesome medical experi-ments on inmates, particularly children and twins, at the Ausch-witz concentration camp in Poland and sent hundreds of thou-

and and sein numbers of indi-sands of Jews, Poles, Gypsies and other prisoners to their deaths. Mr. Bossert said: "Once you know someone well and become friends, someone who likes nature, children, animals and is interested in literature and philosophy, it becomes very difficult to believe that this person could have committed such cruel crimes. The police tell me that many criminals seem like angels, but I'm still in doubt."

"It's easy to say that knowing a criminal every citizen has an obligation to denounce him. But if you know someone intimately even if he's a wanted man - I just couldn't do it," said Mr. Bossert, who admitted that he had been a member of the Hitler Youth, but ninimized its importance.

Mrs. Bossert quickly interrupted her husband, when he said that Dr. Mengele had lived so simply that he sometimes used torn or frayed clothes, to say that she had sewed for him. She said she had been dismissed last week from her post as a teacher after the (Continued on Page 2, Col. 7)

## Strength of Dollar Threatens Global Upturn, BIS Says

PARIS — The annual report of the Bank for International Settlements, widely viewed as the most forthright commentary about the international economic scene, warned Monday that the "specula-tive bubble" that has driven the dollar to levels "substantially divorced" from reality is a menace to sustaining the upswing of world

economic activity.

Keeping up that economic momentum, the report said, "is the prerequisite for solving almost all The dollar closed sharply higher in European trading, Page 13.

other problems" - high unemployment in Western Europe, control over inflation, the debt crisis of the developing countries and stability in exchange rates and in international financial markets

While the International Monetary Fund and the Organization for Economic Cooperation and Development have sounded similar warnings, neither has gone so far as the BIS in raising the specter of an impending financial crisis.

The concern in official circles is whether policies are adjusted to foster what is called a "soft landing" for the dollar or whether there is a "hard landing" that creates international turmoil.

"The stakes are high," the BIS stated, "and it is the duty of policy-makers to do everything to avoid financial disturbances ... even if no one can attach any degree of probability to such an occurrence. Preparing the way for an orderly unwinding of the U.S. external imbalance should figure as a priority item on policy-making agendas." The measure of this imbalance is

the U.S. current-account deficit trade in merchandise and services - which is at an annual rate of \$115 billion. Part of this deficit results from the U.S. business recovery being stronger than else-

#### for this phenomenon of an ever-strengthening currency based on ever-increasing capital inflows, with the current external account steadily deteriorating." the report "Even for the United States, however, there are limits to the current external deficits that can be run and the deterioration of the international investment position that can occur without loss of con-fidence in the dollar." it said. Thus, the BIS echoes the Inter-

Organization for Economic Cooperation and Development in urging speedy rectification of the U.S. policy mismatch, particularly the lax fiscal policy fostering a huge budget deficit and a relatively tight monetary policy that keeps interest rates and the dollar high. It is this mismatch, the BIS asserts, that has created the imbalances. Questions about whether the imbalances are "systemic" - requiring an overhaul of the international monetary

has dramatically undermined the

competitiveness of the entire inter-

nationally traded goods sector of the United States," the report said. Noting that "there is no parallel

system - are best delayed until national policies are better adjust-While the BIS, like the other institutions, believes official inter-

vention in exchange markets can be useful - at the least just to remind speculators that rate movements can go in both directions - it cautioned that recent intervention may have been responsible for the increased volatility in exchange rates. The intervention may have in-

stilled a sense of caution when, fol-lowing reports of slow first-quarter growth, faith in the dollar became less strong. With no currency having replaced the dollar, "the exchange market has become rather directionless," the report said.

daily exchange-rate movements with little overall change may be less harmful than unidirectional movements that carry rates to lev-els that are unsustainable in the defense attorneys' approach that it

Turning to the role that Japan West Germany and Britain might play in relieving the United States of its role as locomotive of the New York Times Service economic revival by embarking on ROME — Italian voters rejected a policy of fiscal stimulus, the BIS noted that all three have so far refused to follow such a policy

While accepting the logic of the refusal, the BIS advised:

"Just as the best time horizon for successful domestic policies is the medium or longer run - except in cases of an impending financial crisis - international policy coordination should also be conceived within that time horizon."

It also urged these countries "to speed up, perhaps even radicalize, their efforts towards removing structural rigidities" as a means of improving their own growth pros-

But its major emphasis was on "the great need for far-reaching changes in the way prices and wages are set" to make both more flexible and responsive to changing

conditions.
"Quite bluntly, something has stored 4 percentage points in pay gone basically wrong in the way increases that the government cut prices are set in many Western industrial countries, first and fore-(Continued on Page 17, Col. 5)



#### **Jury Finds Von Bulow** Thus, the BIS echoes the International Monetary Fund and the Not Guilty In 2d Trial

PROVIDENCE, Rhode Island – A jury found Claus von Bulow not guilty Monday of twice trying to murder his wife, an heiress, with insulin injections.

The verdict ended a four-year ordeal for Mr. von Bulow, who had been convicted of the same charges at an earlier trial.

Cheers were heard in the crowded courtroom as the verdict was announced, and prosecutors were booed by about 150 people outside the building as they left.

Mr. von Bulow, who was indicted in July 1981 on the two charges of assault with intent to commit murder, dropped his head into his hands as the verdict was announced. He then smiled, shook hands with his attorney and embraced his lover. Andrea Reynolds braced his lover, Andrea Reynolds, who was weeping.

"I'm very relieved, and above all I'm grateful to my attorneys," Mr. von Bulow said later. He said he But the BIS added that "large now would try to lead a quiet life. Mr. von Bulow said the most difficult part of the trial was not taking the stand in his own defense,

#### INSIDE

■ UN officials began investigating the deadlocked hostage dis-

■ Outside aid to Salvadoran rebels is reported to be on the Page 4. wane since 1983.

■ Tibetan exiles in India face the dilemma of adapting to their new culture or clinging to Buddhist ways. BUSINESS/FINANCE

■ The Supreme Court ruled that states may join together to create regional banking sys-

SPECIAL REPORT

■ The smart card of electronic

banking is on the eve of worldwide use.

**TOMORROW** 

U.S. hospitals are placing restrictions on organ transplants

## Reagan To Retain SALT-2

#### He Says U.S. Will Destroy A Submarine

WASHINGTON - President Ronald Reagan told Congress Monday that the United States would adhere to SALT-2, the un-ratified Strategic Arms Limitation Treaty, and he warned Mikhail S. Gorbachev, the Soviet leader, to correct Soviet violations of the ac-

"The United States has fully kept its part of the bargain, however, the Soviets have not," Mr. Rea-

gan said in a statement. To keep the United States under the limit of multiple-warhead mis-siles allowed by the accord, President Reagan said he intended to order the dismantling of a Posei-don submarine when a new Trident submarine puts to sea this fall.

But the national security adviser. Robert C. McFarlane, who read Mr. Reagan's statement to report-ers, said the United States might rebuild and reconfigure the Poseidon for use as a training vessel "or for some other purpose" — as he said the Soviets have done in at least one case.

Mr. Reagan cautioned the Soviet Union that any lapses on its part involving the strategic arms limits would prompot "proportionate re-sponses" from the United States. Ú.S. officials said.

The 1979 strategic arms limita-tion treaty, signed by President Jimmy Carter and Leonid I, Brezhnev, was condemned by Mr. Rea-The treaty expires at the end of the

The president's decision on the arms pact, made over the weekend at his Camp David retreat in Mary-U.S. adherence to the ceilings the treaty places on intercontinental missiles based in ground silos or multiple warhead systems based on missiles or carried by submarines

an s acuon is designe to carry the United States past the next point of decision: scheduled sea trials in September for a nuclear submarine, the Alaska, whose 24 multiple-warhead missiles would take the United States over the 1,200 limit set by the treaty.

In his letter to Mr. Gorbachev. Mr. Reagan accused the Soviet Union of "extremely serious" violations of the agreement but expressed hope that negotiators now meeting in Geneva would produce a new accord, a U.S. official said. The decision was seen as a victory for arms control advocates and a defeat for Secretary of De-

fense Caspar W. Weinberger. Mr. Weinberger had urged the president to abandon the treaty, which the defense secretary re-ferred to as a "pseudo" accord, said a Pentagon official who did not

want to be identified. Mr. Reagan, in two reports to Congress, has accused the Soviet Union of a number of violations of the strategic arms treaty and of

other arms control agreements. Specifically, he has charged that the Soviet Union tested two new intercontinental ballistic missiles, the SSX-24 and SSX-25, one more than the treaty permits.

## Air Raids Alter Tehran Way of Life Many Commute Nightly to Countryside to Avoid Bombs

bringing a new type of commuter raids now occurring nearly every

air raids since May 25, by the re- comes more pulpable. sulting casualties, by rumors fed by

who would rather take their to the city.

chances in the city. For those who leave, the process over Tehran, the first warning begins shortly after school, or comes by radio: "Lights out, lights tresses, blankets, food and clothing into and onto their cars and then inch their way toward the foothills of the Elburz range, north of the city, or to the orchards to the south.

The security men scold those since May 26, Reuters said. Iran's national news agency, IRNA, monterity, or to the orchards to the south. Latecomers arriving at their dessince the ribbon of cars can extend to 40 kilometers).

verse quietly. But the festive air disappears as

twilight deepens. When Iraqi er at home or in shelters, keep their planes appear over Tehran, and as money, jewels and identification The change in Tehran residents' the flash of anti-aircraft guns puncway of life has been caused by 23 tuates the night sky, the fear be-The anxiety mixes with discom-

the authorities' refusal to give offi- fort as those without tents, or wary cial figures about them and by the of the snakes and insects outside, destroyed buildings.

Tehran is now divided between those who prefer hours of traffic night's anxiety have dissolved into iams in order to spend the night irritability with the prospect of a cramped in their cars and those slow, four- to five-hour drive back

When the Iraqi planes arrive work. From 5 P.M. to 6 P.M., tens out." Cars stop, and streetlights are of thousands of people pack mat-replaced by the ecrie glow of security forces' flashlights dimmed with blue-painted filters.

The second warning is accompa-

lination sometimes must travel fur- nied by sirens: "Attention, attenther to find a roadside parking spot tion, red alert. Go to the shelters." Some apartment dwellers leave more than 20 to 25 miles (about 32 their homes for wide streets, where mediate reports of damage or casuthey are less fearful of falling alties.

By Pierre Taillefer

Agence France Presse

TEHRAN — In the past two weeks, the war with Iraq has returned with a vengeance to Tehran, bringing a new time of Tehran, bringing a new time o Most who stay in the city, wheth-

> papers with them and have a flash-light and radio at hand. There have been 23 such raids in the past 16 days. They have created several new markets: for "ready--made" shelters, for tranquillizers and sleeping pills, for mass transport to the countryside and for sub-

> let dwellings in the suburbs. The raids have also helped thieves who use the exodus to clean out homes abandoned for the

■ Missile Strike on Baghdad Iran reported a long-range surface-to-surface missile strike on Monday on Baghdad, the third such attack on the Iraqi capital was launched at sundown in retaliation for trace air raids. Baghdad residents reported a

large explosion. There were no im-



Shimon Peres

ence that would include the Soviet

He urged that the direct talks open within three months and be attended by the United States.

and artillery range of northern Israel and destroying their bases in Strip, he said, without going into detail. Israel has already rejected Outlining his peace proposals in an address to parliament, Mr. Peres from previous policy, called for Lebanon Army. The Israelis say the continuing consultations among mostly Christian force numbers rejected the call by King Hussein of the United States, Israel, Jordan, about 2,000 men, but security Jordan for an international confer-

Palestinian delegates should represent Arab residents of the Israeli-occupied West Bank and Gaza participation of members of the Palestine National Council, which (Continued on Page 2, Col. 1)

#### Craxi Wins Referendum Over Wages By E.J. Dionne

Monday a referendum sponsored by the Communist Party designed to overturn a key element of the government's economic austerity program. The defeat for the Communists'

proposal was a victory for the Socialist prime minister, Bettino Craxi, who said he would resign in "one minute" if the referendum were approved. With four-fifths of the voting districts counted, the referendum was turned down, 54 percent to 46 percent.

The balloting was on a Communist proposal to repeal the government's decision to cut back on the pects. automatic wage increases that workers get under Italy's scala mobile, or moving staircase, the mechanism that protects them against

The proposal would have reout of the scale in an effort to (Continued on Page 2, Col. 3)

# Long-Range Problems Face U.S. Computer Industry

By Andrew Pollack New York Times Service

SAN FRANCISCO - Advanced Micro Devices Inc., a maker of computer chips, cele-brated last Christmas with typical Silicon Valley flamboyance — a \$700,000 employee Christmas party featuring entertainment by the rock group Chicago and a 50-piece orchestra.

Six months later, Advanced Micro is making its employees work longer hours for no extra pay and will close its factories for two weeks to cope with plunging earnings and possible losses. It has introduced an austerity program called Staunch, which stands for "Stress Those Actions Urgently Needed to Check Hem-

The computer industry, long considered one of the industrial bright spots in the United States. has plunged into a sudden, deep and unexpected slump that shows no signs of disappearing.
The slowdown has proved a

rude shock to an industry that has

always believed in its own boundless future. Some executives are beginning to suggest that the old days of extravagance may be gone for a long time. "it's the worst downturn in my experience," said W.J. Sanders

officer of Advanced Micro De-

Hardly a day passes without a company in the field announcing a temporary plant closedown or layoffs. In recent days, National Semiconductor Corp., another maker of computer chips, said it would lay off 1,300 workers, while Wang Laboratories Inc., a pro-ducer of computers and word processors in Lowell, Massachusetts announced 1,600 layoffs and said it would lose money for the first

Slowdowns in the computer in-dustry have occurred before, but this one appears to be different. What womes the industry and outsiders about this downturn is that it comes at a time when the economy, while not robust, is not in a general recession. This suggests that other factors are at work that could be more perma-

This slump also seems more pervasive. The personal computer boom continued through the 1981-82 recession, for instance. But no segment of the electronics business, with the exception of military electronics and aerospace, has escaped this time.

Such companies as Hewlett-Packard Co., Digital Equipment 3d, chairman and chief executive Corp. and Wang, once paragons that may not be resolved soon.

'All that overdoing comes home to roost a few years later.'

- Simon Ramo. Founder of TRW Corp.

of American technology, are hav-

Machines Corp. has seen its earn-

been so hard to earn a profit in

the computer industry. To find

out why, executives and analysis

who follow the industry were in-

terviewed in the past lew days.

What they see is an industry fac-

ing problems, many of them new.

Never before, experts say, has it

ing difficulties.

ings slump.



Simon Ramo

Industry executives differ as to the causes of the slump and about So are Apple Computer Inc. how long it will last. "We're havand Computervision Corp., which soared through the 1981-82 recesing a hard time correlating what's going on," said John A. Young, sion. Even International Business the president of Hewlett-Packard. Some, like Mr. Young, think the technology industry will rebound eventually. Others think it is going through a major restructuring

and will never be the same. "There is danger here," said Andrew S. Grove, president of Intel Corp. This is not another slowdown. It's a shakeout. A whole lot of companies won't

way they went in." Many explanations of the problems are offered. Certainly the strength of the U.S. dollar has hurt exports of technology, and weakness in the manufacturing sector of the U.S. economy has slowed computer and semicon-ductor purchases. Some companies are victims of their own mismanagement or of competition from IBM, the largest computer company by far.

The main problem appears to be not lack of demand but oversupply of products and overcrowding of companies into the market. Also, foreign competition is taking its toll on U.S. computer companies. For the first time last year, the U.S. balance of trade in electronics showed a deficit.

There is widespread agreement, too, that the computer industry is feeling the pain of its own excesses. Too many companies specializing in the same things have been formed, each lured by potential riches and each believing in its own success. In a time that has been widely bailed as the era of the entrepreneur, many people think the computer industry is suffering from the ill effects of the

entrepreneurial spirit run amok. "All that overdoing comes

By Edward Walsh igion Post Servic JERUSALEM — United Nations officials began an investigation Monday into the deadlocked hostage dispute that began Friday between the UN peacekeeping force in southern Lebanon and the

#### Last of Units Quit Lebanon

(Continued from Page 1) functions as a Palestinian parlia-

ment in exile. Mr. Peres told parliament the plan entailed enlisting support from permanent members of the UN Security Council for direct talks among Israel, Jordan and the Palestinians.

His move followed a Jordanian call for an international conference including the Soviet Union and the United States, as well as Britain, France and China.

Israel and the United States oppose such a conference. Mr. Peres' proposal to seek Security Council backing was an apparent response to King Hussein's call for an international umbrella for the talks. Despite the obstacles and the difficulties along the way, it is possible to reach direct negotiations,"

Mr. Peres said. He said Israel was willing to make "a major contribution."

"It is possible that there is a change in atmosphere in the Mid-dle East," Mr. Peres said. "It is ing with the 11 men being held by possible that an opportunity has Ama been presented, that it is forbidden



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21st St. and Lexington Ave. New York, NY, USA 10010 Israeli-backed South Lebanon

A French brigadier general, Jean Pons, who is the deputy command-er of the United Nations Interim Force in Lebanon, or UNIFIL, was put in charge of the investigation into the incident. More than 20 Finnish soldiers from the UN force were abducted by the South Lebaпов Аппу.

The militia, with the backing of its Israeli sponsors, was holding 21 of the Finns and demanding that the rival Shiite Moslem militia Amal release 11 South Lebanon Army militiamen who were captured Friday. Israel and the South Lebanon Army have charged that a Finnish unit of UNIFIL assisted Amal in the capture of the 11 mili-

Finland condemned Monday the seizure of its troops in souther Lebanon and appealed to the UN and "relevant" governments to take urgent steps to release them. Reuters reported from Helsinki.]

Timor Göksel, the UNIFIL pokesman, said UN officials were informed Monday that the 21 Finnish captives have been moved to the southern Lebanese town of Marjayoun, where the South Lebanon Army of Antoine Lahad has its

Mr. Göksel said that UNIFIL liaison officers met with an official from the South Lebanon Army on Monday in an attempt for UN medical teams to gain access to the Finnish soldiers. But he said that no agreement was reached because the militia was demanding a meet-

The problem is that they have our men but we don't have their nen." he said. Mr. Göksel described the investigation headed by General Pons as a routine, in-house inquiry" that is required after any serious incident.

from UNIFIL for the de facto rec-

ognition of the South Lebanon

Army, which is trained, equipped

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and financed by the Israelis.

He denied widespread reports in Israel that it was ordered by the UN secretary-general, Javier Pérez was afraid of anything," the spokesman said. As the hostage dispute continues, Israel apparently is hoping to use the incident to gain concessions

Some of the Finnish members of the UN peacekeeping force who are being held hostage by the South Lebanon Army.

#### Beirut Gunmen Seize U.S. Educator

BEIRUT - Unidentified gunmen have seized a U.S. citizen who is a dean at the American University of Beirut, in what might have been an attempt to capture the university's president, Calvin Plimpton, university sources said Mon-

Thomas Sutherland, 54, dean of the university's agricultural and food sciences faculty, was ambushed Sunday on his way from the airport to his campus residence.

Suggesting that the attackers may have missed their real target, a university source said: "Plimpton was supposed to be on the same flight but changed his mind at the last moment and canceled."

After firing at the tires of the car, the gunmen, traveling in at least two vehicles, grabbed Professor Sutherland but let his driver go, according to the university spokes-man, Radwan Mawlawi. Professor Sutherland had no bodyguard and "never let us feel he

(Continued from Page 1)

control wage increases and thus in-

The government's victory, how-

ever, was unlikely to guarantee la-

bor peace. Just as the polls closed

and before the results were known,

the major national association of

the wage indexing agreement when

nounced not only by Communist ism."

it expires in January.

be abducted in six months. Professor Sutherland, who was

children, all in the United States. No group has yet claimed re-sponsibility for the abduction. The seizure of the dean underlined the insecurity in Beirut, where

Moslem West Beirut from Chris-As sporadic shooting and shell-

estinians' Borge Barajni refugge 1982. camp for more than a week. further rescue operations but we that Syria was behind the Shiite have not been given the necessary attacks on the refugee camps. Mr. security guarantees," a Red Cross Habash heads the Popular Front

Craxi Wins Referendum on Wage Indexing

trade union leaders, but also by

and by officials of the centrist gov-

A spokesman for the long-domi-

nant Christian Democratic Party.

for example, called the employers'

union which opposed the referen-

dum, said the Confindustria deci-

erning coalition.

industrialists, Confindustria an- decision "negative." Mario Colom-

nounced that it was pulling out of bo, a leader of the Catholic trade

The move was immediately de- sion was "an act of social terror-

The professor, who is from Fort The Red Cross has moved 93 Collins, Colorado, was the fourth wounded from Borge Barajni in Westerner on the university staff to earlier evacuations, but officials who accompanied a UN relief convoy into the camp on Saturday said born in Scotland, has a wife and about 300 sick or wounded people were crowded in its only hospital.

Red Cross ambulances have been denied access to the Chatila camp, where Palestinians say about 180 wounded persons are trapped Shiite Moslem forces used stopped at the nearby sauce stopped at the nearby sauce into the fourth week. Also, there that was captured by Shiite Amal militia forces, the Red Cross was a stopped at the nearby sauce stopped at th allowed in to remove 12 bodies.

More than 520 people have been killed and 2,200 injured since the ing continued around the camps. Shiites began their assault on the officials of the International Com- camps. The attacks are said to mittee of the Red Cross voiced con-cern that they had not been allowed ians from regaining the power they to evacuate wounded from the Pal- had before the Israeli invasion of

In Kuwait, George Habash, a We have been on stand-by for Palestinian leader, said Monday for the Liberation of Palestine.

The 46 percent vote in favor of

against the government.

## Is Acquitted In 2d Trial

(Continued from Page 1)

mony from 42 witnesses.

This is a jury who clearly hasn't had any trouble coming to a decision." Superior Court Judge Co-

rinne P. Grande said.

Mrs. von Bulow recovered from

In 1982, a jury deliberated 37 hours over six days before finding Mr. von Bulow guilty, but that ver-dict was overturned last year by the Rhode Island Supreme Court on state constitutional grounds.

Mr. von Bulow's chief defense attorney, Thomas P. Puccio, relied on nine medical experts in arguing union heads who had supported the the Communists' proposal, while government in Monday's voting insufficient, was far higher than the that insulin injections did not cause

30 percent the Communists drew in Mr. Puccio maintained the colocal voting last month and appeared to reflect a sizable protest low's abuse of drugs and alcohol. The neo-fascist party, the Italian Social Movement, also campaigned

"This has been a complete and in favor of the referendum, but the yes vote was substantially larger total commitment for the past six months. We gave it our all, but than even the Communist and neofascist vote in the May election after four days of deliberations, the jury said there was reasonable doubt." he said.

> The prosecution was able to persuade Mr. von Bulow's former lover, Alexandra Isles, to return from ge Europe and repeat her 1982 testimony that she had given him a wrote to Germany advising Dr. deadline for divorcing his wife Mengele's family of his death and shortly before the first coma.





# Von Bulow

was a "medical case and there was

no wrong done."
The eight-woman, four-man jury deliberated about 14 hours over four days before reaching its verdict. It had heard six weeks of testi-

Mr. von Bulow, 58, was charged with injecting Martha von Bulow, known as Sunny, with insulin and inducing the comas she suffered during Čhristmas vacations in 1979 and 1980 at the family's Newport

the first coma, but doctors say the second is irreversible.

the comas.

mas were induced by Mrs. von Bu-Assistant Attorney General Henry Gemma said he was "very

disappointed."

during that come before deciding naturally the case was much too he could not go through with let-

But the state was not allowed to allege again, as it had in 1982, that Mr. von Bulow wanted to inherit his \$14 million share of his wife's \$75 million fortune for holdings in Pittsburgh utilities.

"Sedimeier brought money once,

but it was never a regular thing," he

Part of this money had been invested in a small farm at Calciras, where Dr. Mengele had lived with his first protectors in Brazil, Geza and Gitta Stammer, the Hungarian couple. Mrs. Stammer's testimony to police Friday corroborated some details provided earlier by the Bos-

The Bosserts said that Dr. Mengele was responsible for restoring farm buildings, and when the farm was sold the Stammers made regular payments to Dr. Mengele for his half share. They said that he didn't spend anything, that he just worked for his food.

The Bosserts were brought by police to the farm near Juquitiba, 50 miles (80 kilometers) outside São Paulo, where Wolfgang Gerhard, the man whose identity the Bosserts say Dr. Mengele assumed, and his family had lived for eight years before returning to Austria,

The 20-acre (8-hactare) farm set in a remote wooded valley reached by an overgrown track, was visited

which he appeared and about the place where he'd worked "Mr. Bossert said. He said Dr. Mengele also received medical and biology textbooks from Germany.

ty documents to Dr. Mengele and 1978 under what he called "Junny circumstances," was a Nazi and "a bit fanatic." He was a member of the Hitler Youth, he added. "He spoke of the Hitler Youth -

but everyone participated in that.
Even I was a junior leader," Mr.
Bossert said. He said Gerhard, who had first introduced him to Dr. said that an attempt would be ferent" than Mr. Stammer, who he irial uses.

## WORLD BRIEFS

#### Mitterrand Warns on Farm Trade

PARIS (Reuters) — France will oppose in future international talks any pressure for free trade in farm products, President François Mitter-

rand said Monday. "In the extremely fragile sector of food production I do not believe that totally free trade is the only way to stimulate economics and best satisfy the needs of everybody," he said in an address opening the annual ministerial meeting of the United Nations World Food Council.

Farmers in developing countries cannot compete against mechanized producers, Mr. Mitterrand stressed. His comments, accompanied by a plea for action to help African farmers, indicated that France has not softened its resistance to demands by the United States for free agreed.

Blackmail Alleged in British Spy Case
LONDON (AP) — Seven British servicemen stationed in Cyprus systematically fed top-secret military information to a foreign power under blackmail threats that their homosexual activities would be ex-

posed, prosecutors said Monday. posen, prosecutors said microary.

They as servicemen acted as spies and as spies they betrayed to the agents of a foreign power some of this country's most precious military secrets," said Michael Wright, a prosecutor, in London's Old Bailey secrets," said Michael Wright, a prosecutor, in London's Old Bailey Central Criminal Court. The servicemen have pleaded not guilty to 28 charges under Britain's Official Secrets Act. They are charged with apping between Feb. 1, 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and Feb. 6, 1984, while stationed at Britain's February 1982, and February Episkopi military complex in southwestern Cyprus.

Beijing, Bonn Reach Nuclear Accord

BONN (Reuters) - China moved a step closer Monday to huying ap to four nuclear reactors from West Germany when it signed a memorandum on long-term nuclear energy cooperation with a leading reactor

supplier, Kraftwerk Union AG.

The document was signed at a ceremony attended by Chancellor Helmut Kohl and Prime Minister Zhao Ziyang of China, who is here on a nine-day visit, after the two held talks lasting just under three hours. China and West Germany also signed three agreements aimed ar-strengthening their already flourishing economic ties.

The sale of four 1,000-megawatt pressurized water reactors which Kraftwerk hopes to clinch in the face of strong competition would involve a wide-ranging transfer of German technology enabling China to build eventually its own nuclear plants.

#### Nicaragua Rebels Admit Loss of Bases

MANAGUA (UPI) — U.S.-backed Nicaraguan rebels, saying they "badly need arms and ammunition." acknowledged that Nicaragua's army captured two of their major bases in an offensive that damaged their

campaign to topple the government.

A radio broadcast Sunday by the Democratic Revolutionary Alliance was the first report about clashes with Nicaraguan troops in a jungle area 150 miles (about 240 kilometers) southeast of Managua. The army began an offensive last year against alliance bases, driving large mambers of guerrillas into Costa Raca.

"The Sandinist Army has taken our bases in El Castillo and La Penca." the alliance said over the radio. The camps are less than 40 miles apart, near the border with Costa Rica. "We continue to resist, but we badly need arms and ammunition," the alliance said. "It has become difficult to supply our men in the continuing fight."

#### For the Record

The European Court has told Italy to abolish automobile registration rules aimed at preventing Italians from importing cars from France, West Germany, Belgium and the Netherlands at prices below domestic levels, court officials said Monday.

Two leaders of a gang that carried out Britain's biggest cash robbery were sentenced Monday to 22 years in prison each. The judge said he regretted he could not recover the £6.3 million (then \$10.3 million) they

stole in 1983 from Security Express headquarters in London.

Prime Minister Laurent Fabius of France arrived in East Berlin on Monday for a two-day visit and conferred with Erich Hopecker, the East German leader. It marks the first official visit to East Germany by the head of government of one the city's three Western occupation powers. (UPI)

#### Dr. Mengele on the Run: **A Protector Gives Details**

(Continued from Page I) revelations about the couple's al-leged connection with Dr. Men-

In Tel Aviv, an Israeli govern-ment spokesman said that while the Mr. Bossert said that when he Brazilian tests are being conducted, Israel "would continue its efforts to catch Mengele and bring him to burial on Feb. 8, 1979, "I said probjustice in Israel. She also testified he told her of ably they'd agree to maintain the watching his wife suffer for hours Menachem Russek, head of an Israeli police detail charged with investigating Nazi war crimes, told Israeli radio that he believes that Dr. Mengele is behind the reports of his death in a desperate attempt to stop the worldwide manhunt for

much water would have to flow under the bridge before this could be exposed. So I kept the secret." "The contact was Hans Sedimeier," Mr. Bossert said, Mr. Sedl-

meier is a former employee of the Mengele family company in Günzburg, West Germany, and the man who the Bosserts claim was Dr. Mengele reportedly had received sporadic payments of dollars from

come from 1938 dental records provided by West Germany. The

where he died.

twice yearly by Dr. Mengele, ac-cording to Mr. Bossert. "He was interested in books in

Mr. Bossert said the real Ger-

hard, who had passed on his identithen died at Graz in Austria in tures and a gold crown or cap.
"If any of these teeth were treated in Germany, then the records could be of great value," Mr. de Melo said. Brazilian authorities have agree to allow U.S. and West German experts to work with them to deter-

mine if the remains are those of Dr.

Mengele.

said had been threatened to keep

The coroner who examined Ger-

hard after the drowning said he saw

no reason to question the victim's

age on his identity card - 54 -

which would have made him 14 years younger than Dr. Mengele would have been in 1979.

The head of the São Paulo

morgue, Rubems Maluf, and the

coroner, José Antonio de Melo,

said they plan to begin the forensic

investigation by cleaning the bones and rebuilding the skeleton. But the only positive identification can

remains exhumed Thursday con-tained seven natural teeth, two den-

Family to Break Silence Rolf Mengele, Dr. Mengele's son, plans to break his family's silence with a statement in the next 24 hours, his secretary said Monday, according to a Reuters report.

Mr. Mengele has a law practice in Freiburg, West Germany.

#### California Plans To Catch Condors

Los Angeles Times Service LOS ANGELES - The California Fish and Game Commission has voted, 5-0, to recommend that all remaining wild California condors be captured and placed in protective custody in zoos. There may be as few as nine of the birds left in the wild.

The commission's action, taken Thursday in Sacramento, conflicts with a proposal by the U.S. Fish and Wildlife Service to capture three adult condors for mating purposes and release three young cap-

Mengele, had been "very astute in made this summer to reach a comtesting us out to see if we were the promise on the plans. The condor kind of people who might de-nounce someone. He soon realized idly as its habitat is taken over by that threats wouldn't work; I'm dif-

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By Robert J. McCartney SAN SALVADOR - Nicara-

gua, Cuba and other leftist coun-tries have played the leading roles in arming and training El Salvador's leftist guerrillas since 1980 but gradually have curbed their TRANKFURT 069/233380. V.I.P. support since 1983, according to found lody, personal consistent / companion Credit cords accepted. from the rebels, a U.S. study of captured weapons and captured rebel documents.

NEW YORK, YOUNG CARBEAN LOOP PA bingud, will breed, or ports. Tel: 718-383-1793 PAIRS NOTE THIS PHONE AT ONCE
757 62 8. Trusting V.I.P. lody, havel
component. munition shipments and by reto these sources. FRANKFURT. Young ledy componion. English, French, German spaken, Free to travel, 069/44 77 75.

It was unclear from the documents and other information how much aid Nicaragna has been contributing in recent months, but ammunition shipments appear to have dropped substantially. The defector, a former political and military ommander, said he was aware of only two deliveries this year. KONG KONG K-671267 VIP lody

The Reagan administration repeatedly has asserted that Nicaragua was "exporting revolution," and it used this charge to justify the organization and financing of the rebel force fighting to overthrow the Sandinist government.

LONDON EDUCATED LADY Com-posion/Guide, Tel: 961 0154, Salvadoran rebel leaders and Nicaraguan officials have offered TOKYO 645 2741. Touring & shop-ping guides, interpreters, etc. autious and sometimes conflicting OUNG CARRESON LADY PA in London, 01-724 1859 Airports/Travel responses to the U.S. charges. The alvadoran rebels have admitted, LONDON-YOUNG IRISH LADY PA 01-245 9002 days, evenings & movel for example, that they smuggle weapons and ammunition through LONDON SOPHISTICATED LADY companion. Tel 01-555 2117. Vicaragua but have said they ob-TOKYO 475 54 80 Young Lady Com tained the arms on the internationl market. Nicaragua has acknowlalged giving diplomatic and moral support to the guerrillas while de- have trained guerrilla leaders in ATHENS & ISLANDS. Attractive, per sonoble lody PA. Tel 923 7642 Eet 5 nying that it was shipping ammuni-HAMBURG - YOUNG LADY compan-ion, multilingual. Tel: 27 (14 571).

The newly available sources offer a broad portrayal of the history of external support for the Salvadoran rebel front. The government and the U.S.

Embassy said the documents were seized April 18 along with a promiment rebel commander, Nidia Diaz, Shipments appear to have armed forces. While some of the to have been left in Vietnam by who was a member of the guerrilla dropped off for three reasons: be-foreign-supplied weapons were evacuating U.S. troops in 1975.

A U.S. military adviser, left, instructs a Costa Rican Civil Guard in using a machine gan. delegation at the peace talks in the town of La Palma in October. cause more arms were not needed, because of U.S. pressure on Nica-

port network in Honduras during leftist nations initially contributed 1982 and 1983. 6,000 to 7,000 automatic rifles in addition to mortars and grenade The Sandinists also began to pull back their welcome in Nicaragus in mid-1983, according to the defeclaunchers from 1980 to early 1983. These arms are described as having tor. Napoleon Romero, who is arrived clandestinely from Nicaragua, mostly in small planes or overknown by his nom de guerre, Miland through Honduras. Cuba, the Soviet Union, Vietguel Castellanos. At that time, the the rebel front general command nam, Bulgaria and East Germany was forced to transfer its meetings to rebel-dominated territory in El military and political work, by this Salvador after Nicaragua was emcollective account. The general barrassed by the murder of a senior command of the rebels met regular-Salvadoran rebel commander in

ly in Managua in the early 1980s. Managua in a factional dispute. Since about two years ago, how-Mr. Romero said. ever, foreign military assistance has He said that about 70 percent of consisted primarily of ammunition and explosives, and it increasingly has arrived by sea.

came from abroad and that the rest were captured from the Salvadoran

purchased on the international market, he said, most were supplied ragua and because of the Honduby friendly governments. ran armed forces' breakup of much of the rebel front's clandestine sup-

Mr. Romero, 35, was held by the military for several weeks after defeeting before being made available to reporters. He is now said to be living under the protection of the The guerrilla organization has charged that Mr. Romero was for

tured while in custody and is hing. Mr. Romero's description of the source of the weapons was bol-stered by a U.S. military intelligence survey of serial numbers of U.S.-made M-16 automatic rifles captured from the guerrillas. The survey's results, made available by U.S. officials, showed that just under 25 percent of the rifles originally were provided to the Salvadoran the the front's automatic rifles Army and thus presumably had been captured by the rebels. Of the remaining rifles, the bulk were said

#### Independence Movement Grows in Guadeloupe As an indication, officials point hit a pair of police stations, another denied any contact with Cuba and

By Edward J. Cody POINTE-A-PITRE. Guade-

 Impressed by a violent revolt half a world away, the people gun to confront a previously un-thinkable idea: independence from pays the bills. of this Caribbean island have berance.

Leaders of a vocal and sometimes violent independence movement, watching events in the French-administered South Pacific island of New Caledonia, have pledged to organize strikes and demonstrations to force Paris to heed their demand, too.

Noting that New Caledonian rebels extracted concessions from France in response to highly publicized violence, independence leaders here also have started to speak openly of making sure that Guadenot be "victims of colonial repres-

However, even independence ac- onies." tivists acknowledge that a majority of the island's 320,000 inhabitants

out that independence groups nev-restaurant and a truck. er have attracted a following in local elections and that the island always has been more prosperous

The rebel front has charged that

According to the new sources,

the documents are forgeries.

But the New Caledonian revolt, in which a form of independence has come under discussion, has emholdened moderate independence activists in Guadeloupe and broadened their audience among the island's 80-percent black majority. Spray-painted slogans in Creole -"French Assassins" and "Frenchmen Out" - have multiplied on the walls of Pointe-à-Pitre.

The main independence organization, Popular Union for the Lib-eration of Guadeloupe, in April admit they are developing, even if brought in militants from New Cal- they still are not numerous - it is edonia, Martinique, French Guia- because they are being supported na, and the Indian Ocean island of from outside by people with inter-Reunion for what was billed as a ests in helping them, charged conference of "the last French col-

On March 13, a satchel bomb exploded in a local restaurant, killprobably wants to remain French. ing three persons. Earlier bombings No one claimed responsibility

for the blasts, and police have not made any arrests. But determined than its neighbors, chiefly because anti-independence French citizens and separatists alike unofficially added the bombings to a growing list of incidents by underground independence agitators over the last several years.

According to rightist political activists and some French officials, pro-independence extremists also have received encouragement and support from Cuba, raising the specter of what these sources depict as a further destabilizing force in the region should French rule end.

"If the independence activists dependence Association Guade-

loupe 2000.
The main above-ground independence leader, Claude Makouk,

said his group has not even received support from the Guadeloupian Communist Party.

President Fidel Castro of Cuba, addressing Caribbean writers last March in Havana, warned that Guadeloupians remain divided on independence and thus activists "should not be in a hurry."

While President François Mit-terrand's government has underted ken to loosen French rule over the Pacific territory of New Caledonia. the situation is more complicated for Guadeloupe and France's other major possessions in the Caribbean. Like the neighboring island of Martinique and French Guiana on the northeastern rim of South America, this island is a French department, an integral part of

'We have been French since 1635, since Louis XIII," declared Jean-Marc Hemery, who works on Mr. Boulogne's anti-independence magazine, Guadeloupe 2000. "We are more French than many French people on the mainland

## U.S. Law Schools Worry **As Applications Decline**

By Al Kamen

Washington Pass Service
WASHINGTON — Declines in first-year enrollment and applications to U.S. law schools over the last three years have set administra-WIRRCH - BLONDY & TANIA Econt Service. Tel: 311 79 00 or 311 79 36 offs and school closings.

The graduate law program, which tripled in size in the last 25 years while taking its pick from among the brightest applicants, does not face a promising future, law school officials said recently. Tel 089/448038

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Formice be bailed off carbon formice of the Indiana University

School of Law. One school in California has bailed off carbon formice. forma has laid off some faculty AMSTERDAM RANET Except Service Tel. (120) 226/20 or 340/10.

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"A number of law school descended in the service of law schoo "A number of law school deans

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American Bar Association's consultant on legal education. A 20 percent drop in applica-HEATHROW LONDON ESCORT Ser-tions over three years is affecting 85

FRANKRIRT "TOP TEN" Scorl Ser percent of the nation's 174 ABA-FRANKFIRIT SONIA ESCORT Ser llysts say it cannot be explained as simply a decline in the college-age population now that the babyboom generation is graduating. Some experts, such as R. Paul Richard, deputy executive director DOMINA, AMSTERDAM ESCORT Richard, deputy executive director of the Law School Admission

COUNCIL, say that a shift in under-light 10 m. 7et (01) 589 4900. STUTTGART — LADY Excert Service fields may be the result of an improved economy, a perceived glut

Bombing at Spanish Marina

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Interpretation of the property damage and no injuries.

of lawyers and, perhaps, a general feeling that legal training is no longer a ticket to a better life and

social mobility. Tuition approaching \$12,000 a year may play a part. The drop in applicants, however, does not necessarily mean fewer lawyers. It may mean, some specialists fear, more unqualified lawyers in the long run.
Total caroliment in the 174
ABA-approved law schools was
125,698 last fall, down 3.3 percent

over three years after rising steadily for decades. Total applicants for about 41,000 openings fell from 72,946 in 1982, to 64,078 in 1984 and to a

preliminary estimate of about 58,400 for next fall, according to the Law School Admission Coun-"Somebody is clearly taking someone they wouldn't have taken before," said John C. Roberts, dean of Wayne State University Law school in Detroit

"Survival is a pretty powerful force," Dean Roberts said, adding that schools "may not admit it," "there are some schools already at or near open admissions."

Andy Corublatt, assistant dean of admissions at Georgetown Uni-

versity Law Center, agreed.
"Schools will be very rejuctant to contract," he said. "That will mean a glut of people who have no business being in law school" and will lead to some schools graduating lawyers far less qualified than a decade ago. Wayne State chose not to lower

its standards when applicants de-clined. Instead, he said, it reduced first-year enrollment from 300 to 250 last year and to 200 this year. "Our student quality is the same," he said. "But you have to

Reuters have tremendous support from administration to have a loss of reverploded Monday at a marina near nue of one-third." here. It was preceded by a warning The school had planned to hire from a caller claiming to speak for five new faculty members. Now it

#### **Health Insurer** Finds Old Age Gets Older, to 75

United Press International
NEW YORK — Gains in
longevity give 65-year-olds a
"10-year grace period" and old age now starts at 75, according to the president of Blue Cross and Blue Shield Association, which provides health insurance for about 90 million Amer-

Bernard R. Tresnowski said in a report on aging, "To be sure, the Congress has moved the mandatory retirement age up to 70. But the problem of bringing our laws and our prac-tices in line with the reality old age at 75, not 65 — are formidable, if not prohibitive."

"In 1935, when the Social Security Act was enacted by Congress, the average span of life in the United States was 64, Mr. Tresnowski said. "And it was accurate and sensible to consider that are a sensible to consider the area. er that men and women of 65 and over were indeed 'the elder-

They aren't anymore. The life span has risen by a decade —74.9 years is the figure I have seen most recently."

#### Chinese Army to Be Cut By One Million Men The Associated Press

ВЕІЛІNG — The Chinese Army will be reduced by one million over the next two years, the Central Military Commission announced Monday. Leaders announced earlier this year that the world's largest standing army, believed to number about four million, would trim its size, but the announcement quoted by the Xinhua news agency was the first in which a time frame had been given.

Deng Xiaoping China's para-mount leader and chairman of the military commission, said last month that China planned to cut one million men from the army to save money for economic construc-

#### Rally Hears Reagan View On Abortion

Los Angeles Times Service LOS ANGELES — Encouraged by a telephone pep talk from Presi-dent Ronald Reagan, several thousand people participated in a rally to start an eight-month, 3,400-mile march on Washington by two ministers. Sponsors hope the march will prompt U.S. legislation to restrict abortion.

the most important issue facing this country today," and said that the rally had his support.

His speech was broadcast from loudspeakers to the crowd which police estimated at about 4,000. Rally sponsors predicted that they would gather hundreds of thousands of signatures as two Wisconsin ministers trek through

The president called abortion

II major cities in coming months, displaying at each stop preserved fetuses in tiny wooden coffins. The ministers, Norman Stone and Jerry Horn, posed for photos Sunday on each side of the open coffin of a fetus they call "baby

choice." Most U.S. anti-abortion groups have endorsed the march, said Melody Green, director of Texas-based Americans Against Abortion, sponsor of the march. They hope that a grass-roots show of opposit tion to abortion will force Congressto consider a constitutional amend-

ment against it, she said. After stops in Las Vegas, Denver and Chicago, the march is expected to end on Feb. 12 at Slaughter Beach, Delaware. Anti-abortion petitions will be presented to Congress, the Supreme Court and Mr. Reagan, Mrs. Green said.

Taiwan Suspends Newspaper

The Associated Press TAIPEI — The government has ordered a newspaper to suspend publication for one week beginning Monday for giving prominent play to a story on Prime Minister Zhao Ziyang of China.

2[min-in-11-i-

Min Harris



Indians in New Delhi Protest the Practice of Bonded Labor

Impovershed Indians held a demonstration Monday at the Taj Mahal Hotel in New Delhi to protest the outlawed practice of bonded labor, under which workers pay off debts they or their ancestors have incurred. The protesters used dancing monkeys to contrast their cause with the Indian cultural festival held recently in Paris that featured dancing bears. Another festival is to be held in Washington, which Prime Minister Rajiv Gandhi is to open this week. The demonstration was organized by youths from the opposition Janata Party.

## Ethiopians, Heading Home, Face Famine

By Blaine Harden

NAIROBI - Africa's largest tide of refugees has begun flooding back from Sudan into the Ethiopian highlands, where relief officials say there is little food, a rekindled civil war and a likelihood that many who return will die.

For eight months, refugees in search of food streamed from Ethiopia into Sudan at a rate of up to
4,000 daily. Now, jured by rain in
Tigre province, more than 50,000
have abandoned refugee camps

months.

Rebels, in a statement from London, said the food situation in Tigre is becoming increasingly desalong the Sudanese border in the past month to begin the three- to four-week walk back to their farms, according to a spokesman for the Office of the United Nations High Commissioner for Refugees.

"This is a spontaneous thing against the advice of relief workers, who are telling these people they are not lit to make this journey, that their children will die along the way, that there is no food when they return," said Hugh Hudson of the UN refugee office in Nairobi.

These people always told us they did not come to Sudan to stay, only because they were desperate," Mr. Hudson said. With the arrival of rain, he said, "Their instinct is to go back for plowing."

The refugees are returning to a no-man's-land struck by famine where rebels of the Tigre People's Liberation Front and soldiers of the Ethiopian Army have been fighting for more than a decade. The Ethiopian military, with

weapons and aircraft provided by cent weeks there have been dust part of Sudan, than their compatrithe Soviet Union, holds the region's storms, one of which flattened half cities and a few major roads, but of the tents in a camp of 20,000 Moslem and have chosen to rethe Tigrean guerrillas move freely through most of the countryside.

A senior relief official in Addis Ababa said that the government of relief aid into the region for

perate. The statement, which blamed the United Nations for failure to move food north from Addis Ababa, said at least 68 peasants have died from eating dirt.

But refugees returning to Tigre are willing to endure the renewed fighting and the possibility of starvation because they no longer can tolerate living in Sudan, according to Mr. Hudson,

"People think Africa is Africa, that all places are the same," he said. "That just isn't true. These Tigreans are mostly Christians from highland, temperate country It is just as difficult for an Ethiopian in Sudan as it is for a European. These refugee camps are a living

hell for the Tigreans." Daytime temperatures in the treeless desert along the Sudanese border, where six camps sprang up in the past half year to house 235,000 Ethiopian refugees, rou-tinely go above 110 degrees Fahr-enheit (43 degrees Celsius). In re-

refugees and destroyed six food warehouses.

Like all feeding centers crowded with sick and malnourished people, had begun an offensive in Tigre. He the refugee camps are rife with disadded that "security considererse. Relief officials say there is an ations" there had limited the flow outbreak of cholera in Wad Kowli, of relief aid into the region for a camp of about 30,000. Vitamin A deficiencies have caused an epi-demic of xerophthalmia, an eye discase that dries up the eyeball and

causes blindness Vitamin C deficiencies have caused scurvy among refugees and are responsible for large numbers

of slow-healing sores and abcesses. Christian Tigreans also have found themselves less welcome in the camps, situated in the Moslem

ots from Eritrea, most of whom are

ing back, Mr. Hudson said, refugee workers give them as much food as they can carry, extra rations of vitamins and a physical checkup to see if they have "a minimal survival

"Even when they are advised not to go, we are not able and not willing to physically prevent them," he said. "Fathers take their children out of supplemental feeding programs. These people don't want to split up their families. They insist on staying together even if they have children die on their

## Among the riches of Beverly Hills, a little gem of a hotel.

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#### Tibet Is a Dim Memory For Some Exiles in India

#### Students Learn Hindi, Enjoy Films **But Keep Ancient Buddhist Values**

By William Claiborne Washington Post Service

LEH, India -- Jamyang Dorgee was a young boy when he hiked through snow-covered Himalayan mountain passes with his older Porother in 1972, arriving in the monial purposes. The traditional harsh hills of Ladakh exhausted. Tibetan pigsail virtually has vandazed and overwhelmed by lonelia Guadeloupe

His parents had been arrested by the People's Liberation Army of China, ostensibly for failure to pay taxes. They have not been heard from since. Mr. Dorgee said he is "pretty sure" that both are dead.

Now a student at the Tibetan Dorgee dreams of going to college in India, of becoming a physicist and of returning to Tibet. But he admits that his memory of home is

"I'd like to go back if I get a chance. Yes, I think I would if that is possible," he said, somewhat un-

For Mr. Dorgee and more than ileg to ingla, u land, which on a clear day is visible from many of Ladakh's mountain peaks.

ated in Dharmsala in the hills of Himachal Pradesh about 120 miles (193 kilometers) southwest of here.

It has been 26 years since thousands of Tibetan refugees followed temporal leader of all Tibetans, their leader and god-king, the 14th heads a sprawling government bu-Dalai Lama, on his final flight to reaucracy there. With considerable exile in India in 1959 after the Chi-

sustained them, or to cling to their traditional culture in the hope that someday they will return to a Tibet

that has undergone a vast transformation under Chinese rule. For the most part, Tibetan refu-Les have tried to do both. In their schools here and in refugee settlements in southern India, the Tibetans learn Hindi or the prevailing regional language as well as Ensala, Mr. Teykhang said, recruits sala, Mr. Teykhang said, recruits regional language as well as Ensala, Mr. Teykhang said, recruits sala, Mr. Te

#### 25 Independents Win in Hungary

BUDAPEST — Independent candidates have scored their biggest gain since the country came under Communist control at the end of World War II, winning 25

nist-dominated parliament. Results released Sunday showed the losers to unofficial candidates included Jenoe Fock, a former Tibetans have built a thriving prime minister, and Bela Biszku, a handicrafts industry that markets former interior minister. Independents had been permitted to run since the 1970s but only one had previously been elected to parlia-

The Saturday elections were the first since a 1983 law established first since a 1983 law established that at least two persons had to mn chief representative in New Delhi for 352 of the seats. Thirty-five said he doubted the refugees' rela-seats are reserved for top governseats are reserved for top govern-ment or Communist Party officials. The Patriotic People's Front, the Communist organization that dominntes Hungarian politics, nomi-nated two of its own candidates for most seats but voters nominated thers in 71 districts.

glish, and they have become avid fans of popular Hindi films. Their food habits have changed,

with a growing preference for the Indian staples of lentils and rice; in Tibet rice is cooked only for cere-Tibetan pigiail virtually has van-ished among refugee men, and their clothing styles have gradually adapted to Indian norms, particularly in the hotter climates of south-

But according to Namgyal Dorje Teykhang, the Dalai Lama's chief representative in Ladakh, Tibetan refugees have abandoned neither Children's Village near here, Mr. their ancient Buddhist cultural values nor their collective dream of the liberation of Tibet.

"Since 1959, we have hoped for independence for Tibet. If we get it, everyone will want to go back. If we don't, nobody will want to live under Communist rule," Mr. Teyk-

Refugee leaders acknowledged that to a large extent the refugees' 100,000 Tibetan refugees who have cohesive will can be attributed to distancing them from their home- Tibetan government-in-exile, situ-

The Dalai Lama, as spiritual and temporal leader of all Tibetans, assistance from the Indian govern nese crushed a Tibetan uprising.

Now more than ever before, the approximately 110,000 refugees ment, it manages the welfare of the refugees face the dilemma of not scattered in more than 40 agricul-knowing whether to assimilate into the society that has welcomed and ments throughout India. About 8,000 refugees have not yet been

> Although the Dalai Lama's spokesmen sidestep the subject to avoid jeopardizing the Indian government's relations with China, refugees still are trickling across the Chinese border to seek sanctuary in

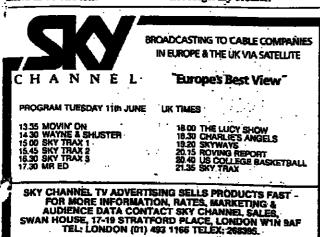
virtually all college graduates from among the refugees to oversee an extensive welfare system. The system, with some exceptions, provides Tibetan refugees with material comforts superior to those in most refugee camps elsewhere in

The 510 boarding students in the Children's Village near Leh, for ex-ample, live in attractive, solar-heatend of World War II, winning 25 ed bungalows, and another 1,200 seats among the 387 in the Commoday students will soon move into a sprawling new school.

Although they are poor even by goods throughout India and for export. Even in the alien climates of Karnataka and Orissa in southern India, Tibetan farmers have managed well with land provided by the

assimilation and a diluting of their will to return to their homeland.

"I don't think so. Maybe after a few generations, but not in the foreseeable future," he said. "I have relatives still in Tibet. I cannot forget my brother.





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## 5 European Sports Ministers To Meet on Soccer Violence

countries will meet here Tuesday to 21-nation Council of Europe in try to agree on measures to combat Strasbourg, France. soccer hooliganism, Dutch officials

tion of alcohol inside stadiums, ensure stricter allocation of tickets at major events and impose heavier fines for troublemakers.

The meeting, an initiative of a riot blamed on rampaging Ensels on May 29 at the European Cup final between Liverpool and

istry of Welfare, Health and Cul-cause of the deafening noise at the ture said that measures recom- arena, it quoted General Bernaert mended here by the sports as saying.

In Brussels on Sunday, a Belgian

Their agenda was expected to port as saying that police admit include ways to prevent consumpthey made a series of mistakes in handling the soccer riot.

La Libre Belgique quoted the dents, General Bernaert reported, commander of the police force, but most were outside the stadium naert, as saying in his report to the riots broke out." Joop van der Reijden, the Dutch government and Parliament that sports minister, was convened after too few police were inside Heysel glish soccer fans killed 38 persons ize fast enough what was happen- hear him because of the noise, the and injured more than 450 in Brus- ing, did not react in time and did newspaper reported. The squadron not call for reinforcements.

Some radio appeals from police-reinforcements. men in the stadium also were not A spokesman for the Dutch Min- heard by their commanders be- trampled was to have been occu-

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Complied by Our Staff From Dispatches ministers of Britain, France, West

AMSTERDAM — Ministers of Germany, Belgium and the Nethersport from five West European lands would be submitted to the team before the game. Many of the victims were crushed when a wall collapsed or were trampled to newspaper quoted an official re- death in the ensuing panic. Juventus won the match 1-0.

The police detachment on duty

was adequate to handle most inci-

Lieutenant General Robert Ber- and those inside were too few when um called for reinforcements but Stadium, that officers did not realcommander later failed to call for

> The section where people were pied by neutral fans, but Italian and British supporters were al-lowed there instead. (Reuters, AP)



**Rauf Denktash** 

## Denktash Wins North Cypriot Vote

Reuters

Reuters

NICOSIA — Rauf Denktash, by the armed forces and military the Turkish Cypriot leader, has won a landslide victory in presidential elections in the headenment. tial elections in the breakaway state that was proclaimed in northern

Cyprus two years ago.
The counting of ballots was completed late Sunday night. Mr. Denktash received 70.5 percent of the vote, Alpay Durduran 9.2 per-cent and Ozker Ozgur 8.4 percent. Three minor candidates shared the remaining 1.9 percent.

Mr. Denktash told a jubilant

crowd in the center of northern Nicosia: The world will have to respect the republic founded with your good will and I promise you there will be no agreement in Cyprus without the guarantee of Turkey for your security." He said in an interview that he

was still willing to establish a federation with Greek Cypriots on the island, "but only on a basis of

Turkey invaded and occupied the northern third of Cyprus in 1974 after an abortive Athens--backed coup. Only Turkey recog-nizes the Turkish Republic of Northern Cyprus. The international community acknowledges only the Greek Cypriot-run government of President Spyros Kyprianou.

■ EC Refuses Recognition The 10-member nations of the

European Community said Mon-day that they will not recognize Mr. Denktash's election, United Press International reported from Rome. In a statement issued by Italy,

the current president of the community, the EC members said they "do not recognize the Turkish Republic of Northern Cyprus' and, as a consequence, will not recognize any so-called 'constitutional' development on the part of northern

## Marshal Ogarkov Reappears In Soviet With Military Book

By Dusko Doder

Washington Past Service

MOSCOW — Marshal Nikolai V. Ogarkov, who was removed last September as the Soviet chief of staff, returned to public life Sunday with a new book on strategic issues.

An editorial in the Sunday issue broken down after the United of Pravda, the Communist Party newspaper, accused Washington of siles and Pershing-2s in Western The book, published by the Min-istry of Defense, stirred speculation that the 67-year-old marshal had been rehabilitated. Marshal Ogarpreparing to wreck SALT-2 the Europe. Strategic Arms Limitation Treaty which was signed in 1979 but has not been ratified.

Entrope.

Marshal Ogarkov was particularly outspoken in denouncing the new U.S. missiles. kov is noted for intelligence, poise, extensive knowledge of strategic doctrine and a basic hard line.

According to a review, the book, The only point at issue is what methods of scrapping the treaty would be less painful to the United "History Teaches Vigilance," says the United States and its military policy and doctrine pose the main threat to peace. Marshal Ogarkov States from the point of view of world public reaction," Prayda ascalls on the Soviet Union to inserted. "Whether the commitments crease its "economic and defense assumed by the United States unpotential" to counter U.S. "aggresder the treaty should be abrogated nly and in full or whether this The review, prepared by the feashould be done creepingly, step by

ture press agency Novosti, indi-cates that Marshal Ogarkov's book Marshal Ogarkov was chief of staff and first deputy defense minechoes the propositions of a book he published in 1982, which called ister for seven years before he was removed abruptly by the leadership of Konstantin U. Chernenko.

There is still no reliable information here about the reason for the dismissal. But some analysts be-lieve that Marshal Ogarkov had op-The publication of the book left unclear whether this reflected a reposed a decision by the Politburo vival of a hard line in the armed forces or possibly a broader policy shift within the new Kremlin leadto relax its position on resuming arms talks with the United States.

ership headed by Mikhail S. Gor-bachev.

The removal of the marshal came shortly before Foreign Minister The new leaders are accusing the Andrei A. Gromyko met in the Reagan administration, even White House with President Ronthough it has resumed arms talks aid Reagan. Subsequently, after with the Soviet Union in Geneva, Mr. Reagan won re-election, Musof planning to destroy the arms cow agreed with Washington to resume the Geneva talks, which had

sition of his predecessor, Yuri V.
Andropov, and the result was a resumption of the Geneva talks in Mr. Chernenko modified the po-

The official announcement last September said that Marshal Ogarkov, who had long been considered a potential successor as defense minister, had been relieved "in connection with transfer to other duties." The other duties were not

A short time later, a Polithuro member, Grigori V. Romanov, said during a visit to Finland that Marshal Ogarkov had been put in charge of a large western military

There was another report that Marshal Ogarkov had been named military policy and doctrine as commandant of a military acade- its quest for military superiority.



my. In following months, his ware disappeared from the press and was even omitted from the linear signers of military obituaries.

One of the few mentions of the marshal's name in the press came last December near the bottom of a list of official mourners after the death of Marshal Doutri F. Ustinov, the defense minister.

In its 1,800-word review of Manshal Ogurkov's latest book, Norosi praised it warmly. According to the reviewer, Colonel Vladimir Morozov, the book reveals "the target-sive character of the United Stars military policy and doctrine" and

#### Terrorism In EC Stalls **Border Pact**

LUXEMBOURG — Increased terrorism and drug smuggling have blocked the easing of border controls within the European Commu-

nity, diplomats said Monday. Ministers who oversee the 10nation trading bloc's internal market are meeting here to discuss phasing out border controls throughout the European Community, but diplomats said immediate agreement was unlikely because of growing demands for tough securi-

The bloc's political leaders agreed a year ago to examine ways of allowing people to travel freely across internal borders without police checks and the issuance of a community-wide passport. Such policies, they said, would make the concept of a united Western Eu-

rope more relevant to its citizens. Diplomats attending the meeting here said they would discuss wheththe air and seaports.

willing in principle to liberalize all three, diplomats said.

The diplomats said recent urban guerrilla attacks, particularly in Belgium, West Germany and France, had led to growing deat all borders in certain cases. Ministers from West Germany,

France, Belgium, the Netherlands and Luxembourg are scheduled to sign an agreement this month aimed at abolishing border checks between their five countries.

France and West Germany abolished routine passport and customs controls at 32 crossing points along their border for EC citizens in July.

#### Russians Offered Wallenberg Swap, U.S. Lawyer Says

ATLANTIC CITY, New Jersey - Raoul Wallenberg, the Swedish diplomat who saved thousands of Jews from Nazi death camps, was offered to Sweden by the Soviet Union in a prisoner exchange in 1962, 15 years after he was said to have died, said a lawyer for his brother and sister.

In an interview published in the current issue of The Jewish Record, a weekly newspaper, Morris Wolff, a Philadelphia lawyer, said that the trade fell through because Sweden did not offer enough Soviet prisoners in exchange.
[The Swedish Foreign Ministry

denied Sunday that there had been any such Soviet offer.]
Mr. Wolff has sued the Soviet U.K. Missile Protesters Held Union in U.S. District Court in Washington on behalf of Mr. Wallenberg's brother and sister, de-

dy" in Hungary in 1945. A Soviet painted slogans on British bombannouncement in 1957 said that he ers. Alconbury will be a support had died in prison 10 years earlier, base for 64 U.S. cruise missiles to a claim that has been rejected by be deployed at nearby Molesworth some Western investigators.

manding an accounting of Mr.

## Solidarity Leaders Didn't Call Strike, Walesa Testifies at Their Gdansk Trial The Associated Press After his court appearance, Mr. Monday from two police witnesses GDANSK, Poland — Lech Wa Walesa signed a petition protesting who authenticated a tape recording

lesa, wearing a T-shirt bearing the name of the outlawed Solidarity trade union, defended the inno-cence of three associates Monday in an appearance before a Gdansk provincial court.

The former Solidarity chairman said the court asked him what he knew about a meeting he convened in February that was attended by the defendants, Adam Michnik, Bogdan Lis, and Wladyslaw Frasyniuk. The prosecution claims they discussed plans for a 15-minute strike to protest increases in food prices. The defendants have pleaded not guilty.

"I told them I know that three innocent people are sitting in the defendants' bench," Mr. Walesa said after leaving the courthouse.
"There is no civilized country in the world in which one is unable to meet with his friends."

Mr. Michnik, 38, Mr. Lis. 33, and Mr. Frasyniuk, 31, all promier controls should be simplified at nent Solidarity activists, are land borders only or be extended to charged with illegal union activity in connection with the strike call Britain and Ireland favored re- The charge carries a prison term of strictions at land borders only, but up to five years but the sentence most other states said they were can be increased by half for repeated or continuing offenses.

The strike was canceled after the vernment modified its price po-

#### Queen Joins Effort in U.K. To Evict Syrian

LONDON — Queen Elizabeth has joined an effort to evict a Syrian diplomat alleged to be illegally occupying a Brit-ish family's apartment, Foreign Office officials said Monday.

They said Ahmed Walid Rajab, invoking diplomatic immunity, has ignored a court order to leave the three-bedroom apartment, which he rented from John Chaffey for six months in 1982. Mr. Chaffey, married with two young chil-dren, said his family had been homeless for nearly three years and had spent thousands of pounds trying to repossess the

Mr. Chaffey finally wrote to the queen. Officials said she asked the Foreign Office to act to remove Mr. Rajab, an adviser on Arab League affairs at the Syrian Embassy.

Officials said the Syrian ambassador had been called to the Foreign Office and urged to resolve the issue.

ALCONBURY, England - The

police said Monday they arrested Wallenberg's whereabouts.

Mr. Wallenberg vanished when taken into Soviet "protective custo-bridge used by U.S. forces and bridge used by U.S. forces and "the first political trial of three leaders of Solidarity." The petition is to be circulated in major cities and factories, Solidarity supporters said. Mr. Walesa said that, as he was

leaving the courtroom, Mr. Michmk called out, "Don't worry, Solidarity will win anyway." A defense lawyer, speaking outside the court-house during a break, said the judge ordered Mr. Michnik out of the courtroom for the outburst. It was the fourth time Mr. Michnik

Mr. Walesa wore a white T-shirt with a Solidarity logo and the words "L'Homme de Fer," or Man of Iron, the French title of the film by the Polish director Andrzej Wajda about the birth of Solidarity. The film won first prize at the Cannes film festival in 1981.

the proceedings.

Cheered by a small group of sup-porters as he entered the courthouse. Mr. Walesa said that he was 'eager to fight" and that he accepted personal responsibility for call-

ing the meeting.
"I have nothing to hide because "I have nothing to hide because who were invited had arrived," the the meeting was not a secret one lawyer quoted Mr. Walesa as say-

said. "We have a clean conscience."

of an interrogation of Mr. Lis by two secret police officers in Gdansk in January, according to relatives of the defendants who were in the courtroom. Mr. Lis claims the tape was doctored to misrepresent his remarks.

Malli

The police experts said the tape, was original and had not been tampered with. They said it had one break that occurred when Mr. Lis's interrogators handed him a copy of an underground article he had written so that he could read portions had been removed for disturbing of it back to them.

In the tape, Mr. Lis allegedly admitted to taking part in a clandestine meeting with Solidarity underground figures in January at which the strike call was issued.

Mr. Walesa denied in his testimony that he called the meeting to discuss plans for a strike, accordi to a defense lawyer who recounted the testimony on the condition he not be identified by name.

"Until the police came in we were not talking about anything specific since not all the people and the members who took part in ing. "Until that moment we had it were not hiding when they came to my apartment," Mr. Walesa, 41. each other up to date "since we hadn't seen each other in a long The court also heard testimony time.

## Long-Range Problems **Face Computer Industry**

(Continued from Page 1)

home to roost a few years later," said Simon Ramo, a founder and director of TRW Corp., a diversi-fied manufacturer with interests in computer services.

On top of the oversupply has come a slowdown in the growth of demand for computers and other electronic equipment. For instance, sales of personal computers, which about doubled year after year for several years, are expected to in-crease no more than 30 percent this year and may not increase at all. Semiconductor sales are expected to drop at least 20 percent as inventory excesses are worked off.

Some causes of the slowdown in demand are short-term. Customers may be waiting for new products that are planned but not yet avail-able. Sales of mainframe computers are down because customers are awaiting delivery of new IBM models later this year. And personal computer buyers may be waiting for new, more powerful machines, such as IBM's PC-AT and rumored

Yet there are other, more fundamental shifts as well. For one, perhaps customers simply cannot absorb any more computers.

"The user population was like a

starving man sitting down at a ban-quet," said Aaron Goldberg, an aualyst with International Data Corp., a market research concern. They've leasted for two years and now can't eat any more."

There is a growing realization among computer companies that they have not necessarily been satisfying the customers. Many people use their computers for only one task rather than the multiple tasks that computer makers had envisioned. As a result, sales of software have been far below expecta-

The demand for computers is expected to grow for a long time. But the easy sales are behind the industry, and now it must sell computers to people less eager for them.

Another thing that may take years is the industry's recovery

rom a shakeout caused by too much investment in the early 1980s. The amount of money invested in young enterprises, including many computer companies, through venture capital or in stock offerings, rose to \$19 billion in

analyst with Robertson, Colman & Most of that money, it is now conceded, went into companies that did not advance technology but merely offered variations of, other companies' products. "It was

a very huge waste of money." Mr. Downing said. According to Hambrecht & Quist, an investment banking firm specializing in technology, the number of American companies making microcomputers rose to 47 at the beginning of 1985 from eight

io 1981. Microcomputer software compa-nies increased to 280 from 34, producers of hard-disk drives, or highcapacity data storage devices, to 54 from 11 and local area network companies, which make the systerns that link computers at high speeds, to 61 from nine.

Even more troublesome, howe er, is foreign competition. This particularly true in semicondrotors, where the Japanese and now the South Koreans are making a determined effort. The Japanese have virtually captured the world market for dynamic RAM, or random access memory, chips, and U.S. manufacturers, frustrated at being unable to sell in the Japanese

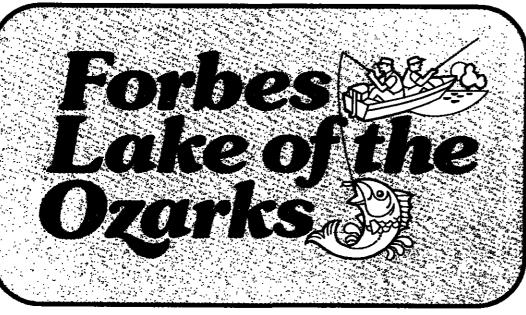
market, are at a boiling point. The U.S. semiconductor industry, which used to have only an occasional slump, has performed poorly in three of the past four and

Chip prices have plunged. The chips inside an IBM PC-XT computer, which would have cost \$319 last August, according to Data-quest today would cost \$110. Then-chaps inside Apple's Macintos? model, with \$12,000 characters of memory, would have sold for \$500 last August; now they would fetch a mere \$95.

The excess of domestic and foreign competition also points to another change that will make it more difficult for computer companies to prosper in the future.

The computer industry's prospects do not seem likely to improve until the end of this year at the

A slump will persist into 1986 for several segments of the business according to some experts. And if 1983 from \$600 million in 1977, worse, the industry's problems could last even longer.



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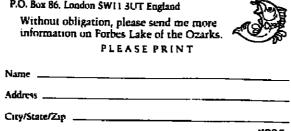
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#### ARTS/LEISURE

## British Rock's New Countertenor: 'Is That My Voice?'

By Michael Zwenn

tional Herald Tribune MONTREUX, Switzerland — As a rock group of three working-class young men who made their homosexuality a public affair and the subject of their songs, Bronski Beat has sold 25 million units, including an LP and three hit singles on the British charts in a little over a year.

Bronski Beat consists, or rather consisted, of Steve Bronski and Larry Steinbachek on synthesizers, and Jimmy Somerville singing. Their performance here in May for the "Rose d'Or" festival was Bron-The fact that they have already

broken up as a group is an example of how fast fame and fortune can arrive in British rock, and how raumatic that experience can be for young people whose previous working experience consisted of collecting unemployment benefits. But countertenors are very much

Jackson and Prince, for example and Bronski's self-taught vocalist Somerville has a potential to equal the grace and artistry of the famous baroque countertenor Alfred songs are very honest, very blatant. Deller, should he decide to work at We don't pretend to ourselves or to

music industry rewards image be-fore, and usually instead of, artistry. A dictum in the milieu goes, Too good is no good." And Somerville has a perfect hermaphroditic image for this year's trend. He has already signed a recording contract under his own name.

With the first flush of success, Bronski and Steinbachek had purchased expensive living quarters in London, while Somerville, who still lives in two small rooms in a project in Kennington, reacted to stardom with "shame and disgust." "It came too fast. When we signed a recording contract we were still living in a Camberwell squat. All of a sudden everything changed, it was all about money. It stopped being

All three insist there is no animosity, that the split was due to the pressure of "getting caught unpre-pared in the machinery of success,"

as Somerville explains it. Although Somerville objects to the treatment he has received from the Fleet Street press, he asked for it, which he tacitly admits: "Our

developing his talent. Unfortunate-ly, this is rather unlikely—the pop honesty. Maybe it backfire

The list of minimum legal ages for homosexual encounters in countries around the world on the jacket of their album, "Age of Consent," was deleted from the U.S.

"But it backfired in the sense that we lost control of it." Somerville speaks with a Scottish brogue so thick it requires frequent translation: "It was distorted into something we didn't want it to become. The press and promotion people made us out to be a gay band instead of gay members of a band. Not one article talked about my

He has a natural, unforced voice, and an instinctive sense of phrasing and intonation. His friend Richard Coles, a schooled saxophonist from the Midlands with whom he is forming his new group, pointed proudly to Somerville and said: "He's got a range of almost four octaves — up to high C. The Insti-tute of Contemporary Arts offered him the role of the Queen of the Night in a production of 'The Mag-ic Flute.'

Somerville shook his head with the madness of it all: "Maybe in 10 years. I'm not even a princess yet. You know I never listened to anything but disco. I hear my tapes and say, 'Is that my voice?' It's slightly

embarrassing."

Leaving his parents' home in

Glasgow at the age of 18 (he is 23 now), Somerville came to London, and: The first thing I did was go to a gay bar in Earls Court, I'd never en anything like all the sex shops and sleaze. It was very exciting. But was scared and lonely as well."

There is nothing blatant about Somerville's appearance. He sang here in the same cardigan sweater smiles with ease and grace, and it is he wore on the street, his hair is cut obvious that whatever that elusive working-class short, he does not charismatic "it" consists of, he has wear makeup. This lack of panache it. has given birth to a new style in He and Coles are off to New London, a sort of lack of style. York this summer to record their London gays are beginning to cut new project, including originals their hair like his, to wear jeans and and some standards associated sweaters and avoid the outrageous with Billie Holiday. It seems fairly image of yesterday's herces like Boy George. Even Boy George has cut his hair.

Teen-age girls scream when Somerville sings, and Bronski's au-dience had a large smattering of straight young males. On stage be-tween vocals Somerville moves and



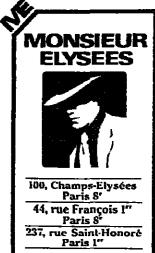


Singer Somerville: "The price of honesty."

limited appeal to one group or inclination he himself has temporarily imposed on it. But in the meantime, he still thinks of himself as a reflection of his media image: "It's exciting to be England's best-known gay."



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## wir (dansk In Envoy's Wife in Paris: A Mutual Love Affair

International Herald Tribune

PARIS — Before Marie Gal-braith came to Paris in 1981 as the wife of the U.S. ambassador to France, she had been - not necessarily in this order -a social secre-.) tary, a fashion magazine editor, an ad director, a photographer, a real fashion stylist and Peter Ustinov's Girl Friday.

All this, she feels, accounts for her ability to cope with being an ambassador's wife, a job that has involved not only entertaining an average of 20,000 people a year but

#### HEBE DORSEY

also keeping track of the artistic, literary and scientific worlds; rear-ing three children; redecorating the embassy residence (upstairs and (downstairs); and publishing a book on the residence. The last was her final project before leaving Paris. In July, her husband, Evan G. Galbraith, returns to being an investment banker.

Life in an embassy can involve a crisis a minute, and Mrs. Galbraith became an expert at doing a thousand things once. For instance, during a recent interview she was also making sure that the tents in the garden (where she was having 1,000 people that evening for the Paris Air Show) were set up correctly, lining up her staff of 18 for some goodbye pictures ("This is our last chance. After that, everybody goes on vacation") and rearranging her children's lives (one lives in England; the other two are with their parents)

nge Problem

HARLES ENGLE

with their parents). But if you can produce snow in Central Park in July," she said, referring to her fashion-editing days, "you can do anything."

Despite considerable wear and

tear. Mrs. Galbraith, an attractive, soft-spoken brunette, more than coped because, for one thing, she has been coming to France on and off since 1953.

"I love the French," she said "I feel so at home here. From the day I came in 1953, I had a feeling of dėja vu — as if I'd been here before. French and Americans make a wonderful combination. Each has something that the other one appreciates. The French have a sensibility and a sense of aesthetics which they express and it's important to say that. Because it's not that it doesn't exist in America, but 's not as articulated.

#### Paper Airplane Champion United Press Internal

SEATTLE — John Vincent, 33, won the World Indoor Paper Airplane Championship when his eniry landed closest to the center of the Kingdome stadium, Vincent, a Qantas Airways employee from Sydney, Australia, won a trip for four to Disney World Seattle.



"Americans have this wonderful generosity and simplicity. They are genuinely welcoming. It's a wonderful marriage," she added, "because French and Americans also have a lot in common. They're both practical and outspoken."

The French loved her back. Hundreds of letters, both personal and professional, poured in after the announcement of the Galbraiths' departure. The couple gave three grand dinner parties at which they effortlessly mixed members of the government and the opposition. At one of them, Prime Minister Laurent Fabrus and the ambassador exchanged warm and friendly words that seemed to go far beyond the usual niceties said at such occasions. The Galbraiths, who were entertained by countless French friends, also had a small, private dinner for former President Valéry Giscard d'Estaing. Then Mrs. Galbraith's favorite designer, Guy La-roche, gave a small dinner party in his kitchen-bistrot "with just us and the Chiracs, the Gregory wonderful."

Mrs. Galbraith also had a per sonal rapport with small artisans, with whom she dealt one-to-one. Through redecorating the embassy, she got to know the carpenters, upholsterers and electricians. French friends took notice of the way she did things. "I loved it when they came here and said something about the flowers or the decor. They took a personal interest in this house. They'd say things like: noticed that after they came here, next time, they'd have le pique-ni que and not butlers with white

"Things have changed considerably since 1953," she said, recalling a period when the effects of World War II were still acutely felt in France. "Then, everybody was still on bicycles and you couldn't get a hot bath. When I gave a cocktail party, I had to get permission from the *commissaire de police*. Girls from good families had to go to the movies properly escorted by a chaperone, and young girls did not have jobs in France."

Today, Mrs. Galbraith believes in doing a lot of things herself. Touring the embassy's residence, she said: "The first thing I did when I arrived here was to put on my jeans and go to the Rungis

At Copenhagen Festival

A Last Hurrah for Fools

By Gunilla Paringer
The Associated Press

OPENHAGEN — The Danish capital was invaded by musicians, dancers, clowns, street actors and acrobats Sunday for the opening of the fifth "Festival of Fools."

Eight hundred musicians and singers, ranging from big bands to rock groups, turned the city into one big concert hall in a spectacu-lar event called "City Waves," staged with bicycles, boats and balloons by the American composer Charlie Morrow.

Murrow described the perfor-mance as "a reflection of the universal consciousness, with no one

#### **Shopping Center** In Houston Aims At Hispanic Buyer

New York Times Service val center," has opened here.

short trip to Mexico," but it is not pression. rimarily a tourist attraction.

Instead, it aims at the fast-growing Spanish-speaking population, which has become a significant part fourth largest city. In Houston and surrounding

Harris County, the number of residents of Hispanic heritage is offi-cially estimated at just over half a million. But other estimates put it at from 800,000 to 1.2 million. The from the city of Copenhagen and total population of Houston's met-

The Hispanic population consists of not only Mexican-Amerithe Caribbean region and illegal

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able to see it all, but everyone a part

The organizers of the monthlong festival invited 33 experimental theater and dance troupes from 14 countries. They will concentrate on innovative drama and multimedia shows. There will be "fools" all over town, and spectators will watch some dockside performances

from sightseeing boats. A British group calling itself IOU, made up of artists, sculptors, architects and musicians but not a single actor, brought a wordless show of dance, puppets, mask, ma-chines and even railroad cars into the dock area. According to the group's Louise Oliver, the aim was demonstrate what happens when something well-known collides with something unknown."

An Australian known only as Stelarc stages an "event" in which he dangles naked, from hooks piercing his body, in settings that change from performance to per-

Four exhibitions with the joint HOUSTON — El Mercado del name "People and Space" combine shopping center billed as "the naphotography and live performed photography and live performed. tion's largest Hispanic theme festi-mances in line with the festival's declared goal of crossing the bor-The center advertises itself as "a ders between forms of artistic ex-

A large part of the festival devoted to modern dance and ballet. Among the youthful, experiwhich has become a significant part of the economic, social and political life of Houston, the country's troupe, which bases its choreography on black music and dance. Min Tanaka & Mai-Juku from Japan offer their interpretation of Shake-speare's Macbeth, including nude

The festival, held after a twoyear lapse, is dependent on funding total population of Houston's met-ropolitan area is more than 3 mil-lion. private sponsors. It attracted thou-sands for the opening event, but its organizer, Trevor Davies, said it was the last festival of this type.

of not only Mexican-Ameri-but also immunigrants from last, Festival of Fools," he said. "We cannot do it better, and therealiens. They have shared in the re- fore have to find new, astonishing cent prosperity common to the Sun and provocative ways to avoid get ting stuck in past successes."

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#### A New Chance With India

on Tuesday for his first visit as India's prime minister, there will be ample reason for good will. There are no real quarrels between the most populous and the most powerful of the world's democracies — no hard disputes over territory, trade or ideology. Yet a granule of sour suspicion will linger in the air, the legacy of a long-strained relationship.

The time is right for a frank examination of those strains. Mr. Gandhi is the first Indian prime minister to come of political age after independence in 1947. Inheriting the office after his mother was murdered last October, he went on to earn it in an impressive landslide in December. He arrives when America's interest in India is at high tide, thanks to films, television and the coast-to-coast cultural festival he came to inaugurate.

This sympathy is reciprocal. The Bhopal disaster did not ignite anti-American riots, only lawsuits against Union Carbide Corp. Mr. Gandhi favors more American investment, and his talks with President Reagan are expected to confirm an agreement to ease technology transfers. So why do countries that officially speak the same language so often talk

The short answer is a different perception of what constitutes evenhandedness. The abiding Indian lament is that Washington repeatedly tilts to Pakistan, a dictatorship thirsting to

When Rajiv Gandhi arrives in Washington match India's nuclear capability, an adversary suspected by Indians of abetting Sikh separatism in the Punjab. The abiding American lament is that India too often tilts to Moscow, as typified by Mr. Gandhi's excuses for the Soviet

invasion of Afghanistan Both complaints have merit. In its anxiety about Pakistan's exposure to Soviet operations in Afghanistan, for example, Washington has favored it with a generous \$3.2 billion aid package, including advanced aircraft that might one day be directed against India. But Prime Minister Gandhi did not invite sympathy when he recently repaid his Soviet hosts for their aid to him with the astonishing judg-ment that 120,000 Soviet troops were Afghanistan's "invited" guests.

A true resolution of these reciprocal complaints would find India finally waging a sus-tained campaign for Soviet withdrawal from Afghanistan, in return for which the United States should indeed draw back from its support for Pakistan. Both countries may be dug in too deep to realize such a bargain, and India's affinity for the Soviet Union has its own logic, no matter who is prime minister.

But if these differences cannot be quickly resolved, Rajiv Gandhi addresses them with less impatience than his formidable mother. At the least, his visit should open a more equable chapter in a contentious book.

- THE NEW YORK TIMES.

## **Strings on Argentine Loans**

Argentina, struggling to cope with its for-eign debts, is now working out a new agreement with its lenders. These negotiations try to strike a balance that has more to do with political values than with finance. Argentina is a democracy, but a recently re-established democracy, one not yet as firmly rooted as its friends hope it will become. It is also a divided society with a tradition of instability. The government needs new loans to help carry the interest on past debt and to maintain the flow of foreign trade on which the country's prosperity depends. What conditions ought to be attached to those loans?

The inflation rate in Argentina last month was about 25 percent for the month — which works out to over 1,000 percent on a yearly basis. To lend unconditionally to a country with unrestrained inflation merely finances more consumption and more capital flight. To raise standards of living and to reduce the debt remains impossible as long as the inflation rate continues at that level. Foreign lenders are justified in making their loans contingent on action by the Argentine government to lower the inflation rate. The lenders want to press hard enough to ensure visible progress. But they cannot press so hard that they damage the government and the cause of democracy.

The key negotiator among the lenders is the International Monetary Fund, for it sets the conditions. Governments and banks will then

make their loans contingent on the IMF agree-ment. At the end of last year a group of banks had undertaken to lend Argentina \$4.2 billion, but disbursement halted in March when the IMF declared that Argentina was no longer complying with its earlier agreement.

The current negotiations are another attempt to find a way to join economic necessity to political possibility. Why is it so hard? Much of it involves cutting the budget, which means cutting subsidies and social benefits. U.S. citizens do not have to go as far as Argentina to find an example of a democratic government that refuses to bring taxes and spending in line with each other.

When Argentina and the IMF have arrived at their agreement, the United States will support it with an immediate loan of perhaps \$450 million. That is a sensible and useful decision by the Treasury Department. To help Argenti-na avoid default serves both Argentine and U.S. interests. The impact of a default on the American banking system would be manageable, but not without significant costs.

The succession of negotiations, agreements and lapses is an accurate indicator of the strains on the indebted countries. The Latin debt crisis has by no means been resolved. The real hope lies in the resumption of steady economic growth throughout Latin America. That is why the IMF's conditions are crucial. - THE WASHINGTON POST.

#### Other Opinion

#### Defense Waste: A Secret Weapon

Scandals about defense contracts are hardy perennials in Washington political life. But recently there has been an unusual profusion of them. From the \$600 ashtrays to troubles at General Dynamics, the underlying question is the same: How can the U.S. government regain control of what President Dwight Eisenhower almost 25 years ago first called the military-industrial complex?

In the last resort, no amount of rigorous control procedures can have a reliable effect unless there is a method of knowing that \$7.000 is too much to pay for a coffee-making machine. There is such a method, it is tried and tested, and it is called competition. Only through competition can the Pentagon have a reasonable chance of avoiding the scandals currently dogging the U.S. defense industry, and of surviving congressional budget-cutting without a loss of military security.

- The Financial Times (London).

#### Sri Lanka Peace Plan Is Needed

A week has passed since President Junius Jayawardene of Sri Lanka and Prime Minister Rajiv Gandhi of India announced agreement in New Delhi to take steps to ease tension in Sri Lanka caused by Tamil demands for a separate state. But the Delhi communiqué failed to spell out ways in which peace could be restored to the troubled island nation.

The matter is both urgent and delicate: urgent because the bloodshed in Sri Lanka is slowly propelling that country toward a ruin-ous civil war and because it is damaging the economy; delicate because the conflict has affected Sri Lanka's relations with India,

which accused Colombo of discriminating against the Tamils. Sri Lanka, in return, has demanded that India stop Tamil separatist guerrillas from using secret bases in its southernmost state as a springboard to attacks, something New Delhi claims is not happening.

Any settlement is going to be extremely difficult because agreement would have to be reached among a host of diverse groups that are hostile to each other. And President Jayawardene knows full well that if he gives way on Tamil demands he will face a backlash from the Singhalese majority in his country.

The most urgent task is to put a stop to the bloodshed. And if the meeting in New Delhi has paved the way for measures that will achieve an eventual cease-fire, then it will have marked a milestone in regional diplomacy and been truly worthwhile.

- The Bangkok Post.

#### Sanctioning South Africa

The U.S. House of Representatives has aproved a series of economic sanctions against South Africa. Coming after the Senate Foreign Relations Committee adopted a similar stance, the House move marks a brutal failure of President Reagan's policies. The efforts of the White House and Secretary of State George Shultz to defend "constructive engagement" - [diplomatic] support in exchange for progressive dismantling of the apartheid system failed to convince the congressmen, who showed they were responsive to public opinion. Americans believe the United States can no longer appear as the best friend of an unacceptable regime.

- Le Monde (Paris).

#### FROM OUR JUNE 11 PAGES, 75 AND 50 YEARS AGO

1910: Western Union Named in Fraud WASHINGTON - The Federal Grand Jury investigating charges of alleged bucket-shop frauds returned forty-two indictments against the Western Union Telegraph Co. [on June 10]. The indictments charge Western Union with having supplied the bucket-shops with a rapid wire service which enabled some outside brokers to obtain Stock Exchange prices before brokers in good standing were supplied. In April, twenty members of firms lin various U.S. cities] were arrested in connection with these frauds. Attorney-General Wickersham took this step in order to stop the immense business done illegally by bucket-shops, whose operations are of a gambling nature.

1935: A New 'Gold Rush' in Canada OTTAWA — Canada has begun her latest 'gold rush," a scientific survey stretching from Nova Scotia to the Yukon, to find gold and other mineral deposits. The vanguard of an army of nearly 1,500 amateur and professional prospectors has left for the Yukon, famous for many gold "strikes." They are being followed by about 200 other parties, who will survey the far corners of the country where white men have seldom trod, to map the mineral deposits. It is expected the search will last a year and cost \$1,000,000. Canada is the second largest gold producer in the world, with an output of \$100,000,000 annually. Officials believe the survey will enable this to be greatly expanded.

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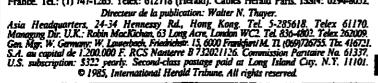
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## Cutting Military Spending: It Can Be Done

By Paul C. Warnke

WASHINGTON — The mo-mentum of the Reagan administration's military buildup finally has been slowed. Congress has made clear that the once-sacrosanct defense budget must bear a portion of the deficit-cutting burden. With the overall spending level chosen, the crucial process of deciding what of 18- to 22-year-olds. and where to cut begins. How these reductions are made will affect the shape and direction of national se-

curity for the rest of the century. Unfortunately, the easiest, least politically painful cuts will not correct the buildup's fundamental problem — buying too many weapons too quickly. Traditionally, Congress has shied away from canceling weapons systems in favor of reducing the funds to man and maintain them. This yields savings more quickly because such funds are spent immediately, whereas weapons production costs are spread

over several years. Yet because the Reagan program concentrates on arms procurement (spending has more than doubled in the last five years) genuine attempts to restrain military costs cannot succeed unless weapons programs are cut. Otherwise, like a sponge temporarily squeezed dry, the de-fense budget will grow back to its original size as earlier commitments to purchase hardware come due.

ironically, debate fails to focus on the real alternative - the United States could have more capable forces at a substantially lower cost. Investing in improved conventional capability to meet the most realistic threats, and thoroughly weeding out redundant or misdirected weapons programs, would provide better de-

fense and significant savings.

To demonstrate this, the Comnittee for National Security, a public-policy group of which I am chairman, has prepared such an alternative. Using data compiled by William Kaufmann of Harvard I Iniversity, a defense budget advis-University, a defense budget adviser to Republican and Democratic administrations since the 1960s, the study offers an alternative five-year defense plan that would save billions of dollars while enhancing military streneth.

Beefing up conventional forces requires two important changes

from the current program. One is increased funding for the National Guard and all military reserves. Without a return to the draft, they are the only source of manpower in the face of the continuing shortage

Second is a shift from buying cargo aircraft to buying fast transport planes. The administration's programmed investment in airlift prepares the United States to respond quickly only to a crisis in Europe. Fast sealift could deliver more at lower cost, and enable the United States to meet simultaneous contingencies in Europe, the Middle East and Korea.

The committee also recommends restarting production of A-10 aircraft, to give the army better close air support during a land battle's crucial early stages. Even accepting the administration's perferved view of the external threat the country faces, U.S. forces could be substan-tially better shaped and prepared. The savings would result from the

concerted effort to restore order to

the defense budget. Some ill-conceived or misdirected programs must be scaled back or canceled. Two examples are the overblown

oversold Strategic Defense Initiative that calls for a space-based anti-missile defense, and the 600-ship navy. Holding SDI funding to fiscal 1985 levels would ensure necessary research but avoid the risk of stimulating an offensive and defensive arms race that would leave the United States with more nuclear arms and less security than before, The navy has failed to make the

case for expanding from 12 to 15 aircraft carrier battle groups: 12 provide ample means to protect sea lanes and, when advisable, to proiect American power in the Third World. Over the next five years. injecting realism into these two programs could save \$83 billion from the administration's proposals.

Further savings would result from eliminating weapons systems with overlapping missions. Haunted by its vision of awesome Soviet military might, the administration

has concentrated on buying as many weapons as quickly as possible, but has shown only minimal concern for whether these new systems are really necessary.

The administration also appears enamored of the supposed symbolic value of a big defense budget to impress the Russians with U.S. resolve. This apparently carries more weight than curbing the services' penchant for each developing its own weapons for its own purposes. regardless of the resulting duplication. From the numerous systems for North Atlantic Treaty Organization air defenses to the nuclear programs for "hard target kill capabilities," the budget landscape is increasingly littered with redundant

Canceling the least effective of the duplicative systems would save billions and, more important, provide the basis for a sound and sustainable military program.

The writer, director of the U.S. Arms Control and Disarmament Agency in 1977 and 1978, contributed this view to The New York Times.



Let's see  $\dots$  Iron ball, large, prob'ty run around 10 grand apiece, 2 feet of chain, heavy, at \$3,500 a foot, one iron bracelet . . . How many of these units you need?"

## Forgotten East Timor Deserves a Voice in Its Future

LONDON — Last week more than 400 parlia-mentarians from democracies in many parts of the world published a declaration supporting the right of the people of East Timor to be repre-sented at talks being held between Portugal and Indonesia on the status of the island

Given a recent history of fading public support for the East Timorese, the declaration was timely. Indonesia invaded East Timor, a Portuguese colony in the Indonesia archipelago, on Dec: 7.
1975. It was a huge invasion involving bombers, paratroops and marines. The army wreaked havoc; there was indiscriminate killing and rape.

Three months later the Indonesian vice governor admitted that 60,000 Timorese had been killed more than one-tenth of the population.

While many Western nations complained about China's invasion of Tibet, or supported British military action after Argentina's attempted grab of the Falklands, protest over East Timor has been low key. Yet in contrast to China and Argentina. claim to the land it invaded. For 400 years East Timor was under Portuguese control. It was never part of the Dutch empire or of the archipelago's political structure. The Indonesian claim is as farfetched as would be a Cuhan claim to Jamaica.

As late as 1974, the Indonesian foreign minister, Adam Malik, said that "the independence of every country is the right of every nation, with no exception for the people in Timor." But events changed Indonesia's mind. In 1974, the Salazar dictatorship in Portugal was overthrown. At the same time there were bitter internal struggles for power in By Jonathan Power

East Timor, and the victor, the radical Revolutionary Front for an Independent East Timor, or Fretilin, unilaterally declared independence. These

were the triggers for Indonesia's invasion.

In 1977, faced with significant resistance, the Indonesians launched a large-scale aerial bombardment of villages in the mountainous interior. Hundreds of thousands of villagers were forced out of their homes and down to the coastal plains where they were herded into "strategic camps." Only after two years of persistent lobbying were international relief agencies allowed to provide aid and services in the camps, which by then had about 300,000 inhabitants.

Professor Leo Kuper of the University of California at Los Angeles, who is considered a leading authority on mass killings, describes what hap-pened then as "genocide," such was the degree of unbridled brutality and so large were the numbers who died - up to one-third of the population.

The initial response at the United Nations seemed promising. A majority of General Assembly members voted against Indonesia's takeover and demanded its withdrawal, saying East Timor self-determination and independence.

Over time, however, Western and Soviet-bloc

enthusiasm for the resolution has waned. It is the Third World nations that have incurred the wrath of Jakarta by continuing to insist on Indonesian withdrawal. But even they have become more di-

vided: It has been three years since they have mustered a majority on the issue in UN votes. The United States and some West European countries supply arms to Indonesia and see its government as a force for pro-Western stability in potentially volatile corner of the globe. Australia. 300 miles (480 kilometers) to the south of East

Timor, has gone a step farther, recognizing the island as "part of Indonesia."

In 1979, Professor Kuper says, the Soviet bloc began to change its line. When the Russians and their allies were vainly trying that year to unseat the Cambodian representative at the United Nations in favor of the Vietnamese-sponsored Heng Samrin government, an attempt was made to woo the Indonesian vote with the promise that support for the East Timorese would be dropped.

Interestingly, the Vatican has been a pillar of support for the island's people. It has resisted pressure from Jakarta to make the local church part of the Indonesian bishops' conference.

Votes against it in the United Nations are falling off. The ball has been passed to the UN secretarygeneral, Javier Pérez de Cuéllar. He has been asked to chair talks between Portugal and Indonesia aimed at finding a settlement. These negotiations

parliamentarians is important. Without the participation of a representative of the East Timorese. the talks simply lack credibility.

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#### was still legally part of Portugal and had a right to have dragged on for more than a year now. This is why the declaration of the Western

## When Six Justices, and Ishmael, See Harm in Silence

WASHINGTON — Melville's "Moby Dick" is either — readers differ - a great novel about God or a boring treatise about whaling. But Chapter 89 is about law and is relevant to the question of why to-day's U.S. Supreme Court, which does not suffer in silence, suffers from an onerous work load.

Last week the court chewed yet again on the First Amendment's Establishment Clause, that simple injunction ("Congress shall make no law respecting an establishment of religion ...") that the court has contrived to make absurdly complicated. Melville praised the terseness of the whalers' code, which could be engraved in a harpoon's barb: "A fast-fish belongs to the party fast to it." And: "A loose-fish is fair game for anybody who can soonest catch it." But such concision left room for ample contention. Was a whale "fast" (attached) when just bearing a symbol of possession? Was a whale

"loose" if dragging an empty boat? The generalness of many of the Constitution's provisions guarantees for the court a constant flow of work. The Constitution's open-textured language has allowed it to suit both a simple agrarian and a complex industrial nation. But the court has kept busy deciding, for example, what constitutes "interstate commerce," or how the phrase "unreasonable searches" relates to electronic surveillance. The Establishment Clause, reasonably read, is devoid of complexity. It means government must not be

partial to a particular religion or sect. But last week a litigious Alabaman persuaded six justices to rule that Alabama ravished the Constitution with a law authorizing a minute of silence in public schools "for meditation or voluntary prayer."

A moral objection to "voluntary spoken prayer" in schools is that it can be neither really prayer nor truly voluntary. It must be thin liturgical gruel to give no offense to any sect, and children will feel coercive peer pressure to participate. But what injury does a moment of silence do? The only "injury" is to a few litigious adults - self-appointed thought poBy George F. Will

lice — whose injury is the annoyance they feel about what might be in a the practice is constitutional and the child's mind, or a legislator's. Had Alabama deleted the last three words in the phrase "medita-tion or voluntary prayer," the court probably would have said the law passed constitutional muster.

ladeed, the man who brought this suit (call him ishmael, because that is his name) said he did so only because he detected a suggestion that prayer is the "preferred activity" during the silent minute. The justices could devote even

more time to complaining about their case load if they would just use Will's Generic Opinion. It is a one-sentence opinion applicable in 99.99 percent of all contemporary cases arising from government action touching religion: "The practice in question does not do what the Establishment Clause was intended to prevent impose an official creed, or signifi-

complaining parties should buzz off."
But in 1971, the court decided, contrary to the clear evidence of the Framers' intentions, that the Establishment Clause requires government to be punctiliously neutral, not between religious sects but between religion and secularism. So the court devised a rococo three-part test: Government action touching religion is presumptively unconstitutional unless it has a secular purpose, and its primary effect neither advances not inhibits religion, and it does not foster excessive entanglement of government with religion. Given that formula, the outcome of the Alabama

case was, perhaps, predictable. Still, Justice John Paul Stevens, writing for the majority, took 23 pages to explain that Alabama's purpose was not pristinely secular and hence the law violates the convoluted

misconstruction with which the court has replaced the unambiguous concision of the Establishment Clause. The court's previous triumphs re-

The court has said legislatures may

pray for relief from the consequences of their cleverness.

garding the Establishment Clause include a ruling that it is constitutional to use public funds to buy textbooks for religiously affiliated schools, but unconstitutional to buy other instructional material, such as maps. That harebrained hair-splitting caused Senator Daniel Patrick Moynihan to throw up his hands in Celtic eloquence and ask: What about atlases?

pay chaplains, but now a suit is coming that seeks to prevent the use of public funds to print chaplains' prayers, presumably because exposure of nonlegislators to the chaplains' works would "establish" religion. I hope such cases inundate the court until the justices fall on their knees (not on government property, of course) and

Washington Post Writers Group,

#### billion in the European Community — according to Maurice Williams, head of the UN World Food Council. Now the United States is going to give Algeria a million-ton "bonus" of grain in order, as Agriculture Secretary John Block says, to "buy the market." Several other countries are being considered as beneficiaries of the U.S. program to regain its share of sales in competition with Europe. It is cheaper to ship food than to store it. The United States wants to cut its surplus and drive the Europe-ans to negotiate an end to subsidies. The fact is that farmers in the United States and Western Europe produce too much more than the rest of the world can buy, so they sell hard,

Food for All \*

But Those

Who Need It

By Flora Lewis

DARIS - The world has reached

plies. Of all the crazy problems peo-

ple have created for themselves, noth-

ing seems so preposterous as the maldistribution of life's essentials. Last year, taxpayers in the United

States and Europe provided \$36 bil-

lion in subsidies for farmers — \$19 billion in the United States and \$17

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Meanwhile, many millions go hungry and infants die of diseases related to malnutrition. Food sid to Africa has doubled in two years, from 3.5 million tons in 1983 to 7.5 million this year, because of famine.

But while aid prevents immediate starvation, it only compounds the real trouble. Mr. Williams, who is directing the Food Council's ministerial meeting here this week, said there was too much aid and too little attention paid to stimulating African production. Every city on the continent lives on food imported from abroad, not on the output of its farmers.

Per capita production of food in Africa has declined sharply as popu-lation has seared. Some African countries have begun reforms preently needed to improve their agriculture and motivate farmers. But virtually all African politicians refuse to coa-sider that demography is a problem and that they are producing mouths a lot faster than food to put in them.

A whole complex of measures to alleviate this distress has been thought out. But there is not the coordination necessary either within the Western world or among aid recipients to make them work effectively. African nations do not have adequate management skills to organize the programs well, and outsiders either do not understand local conditions or are too concerned with besting rivals to ensure cooperation.

International efforts to feed the world and wipe out hunger have failed. This is all the more ironic because the terribly burdensome sur pluses show success is possible. Instead of a war on hunger, the United States and Europe are heading for a grain war while poorer parts of the world are less able to feed themselves.

The crux of the problem is pur-chasing power, The ones who have it cannot eat more than they do and Western farmers cannot sell to the indigent. But there is also an obstacle in attitudes and an outdated way of

thinking about agricultural trade." As Mr. Block notes, agriculture is now a global industry. The trade tripled between 1950 and 1970, and it has doubled again since then. Still, countries think in strictly national terms, concerned above all to protect their own farmers at the expense of competitors. There is not the recognition of common interests in orderly trade patterns (something that did develop for industrial goods, though the understanding is in danger be-

cause of protectionist pressures). The result is "economically inefficient and politically intolerable," in Mr. Block's apt words. The way the good producers are going about try-ing to help themselves risks disaster for all. The spectacle of world impotence before this twin plague of too much in some places and too little in others is especially shocking because

it is man-made, not a fact of nature. The key to a solution is obviously incremental, a series of steps that would reduce incentives to noncompetitive production in rich countries and increase incentives for output in poor ones. There also has to be a better sense of the purpose of aid,

The World Food Council has drawn up recommendations. They are sound. But the political will to act is lacking among the nations. They cannot be a quick breakthrough because any drastic move would hurt too many. There can be a clear plan to reverse what is so evidently a wrong direction and to move gradually toward proper adjustments.

Nothing is more basic to a stable world than a proper supply of food.

Everything is available, except leadership and inspiration, to reach it through integrational

through international cooperation. The New York Times.

#### LETTERS TO THE EDITOR

#### Violence in the Stands

Regarding the opinion column "Soc-cer: The British as Europe's Bad Chil-dren" (June 6) by Anthony Burgess: As a Briton living abroad I too was shaken by the Liverpool supporters' barbaric behavior in Belgium. I was equally stunned by Mr. Burgess's hypocrisy. Having written the repulsive "Clockwork Orange," he has contrib-uted more than his share to further

the cause of mindless violence. PAULINE LECOUR.

Mr. Burgess knows full well the difference between English and Brit-ish. So too, do the Welsh and the Scots. So too, fortunately, do the European authorities who banned English clubs. The English are British; not all British are English.

T. CRAIG SINCLAIR. Brussels. Has no one considered that the fans' aggressive behavior might be

#### linked to alcohol consumption? In fact, one report said that the hostilities in Brussels began with the throwing of beer cans. Is it conceiv-able that, on the day of an important match, local authorities might close pubs and liquor outlets, and stop the sale and import of alcohol in the stadium? The force of other contrib-

ROBERT F. KESER Singapore.

Regarding the column "One En-glishman's Reaction: Shame at the Inevitable" (May 31):

agree with sportswriter Rob Hughes when he says that British authorities have been too lenient with hooligans for too many years. I also applaud his commendable restraint in not saying, "I told you so."

CHARI COANE.

## Ivory Tower Babble

Regarding "Foreign Professors in U.S. Classes: English Becomes a Barrier" (June 5) by Edward B. Fiske: Of course foreign-born teachers

must possess an adequate command of English to make themselves underuting factors - such as seating arstood. But, as an American who has rangements and "ideology" — might then be diluted to the benefit of all. spent many years in institutions of higher learning, at both Harvard and the Massachusetts Institute of Technology, I can assure you that foreign instructors do not hold a monopoly on pedagogical ineptitude. Native American professors can also be incomprehensible, authoritarian, and inadequate in their didactic and personal styles. Shouldn't they, too, be required to undergo training to be-come teachers, or be selected for the laboratory rather than the classroom? Ultimately, universities must hire on the basis of an individual's qualities no more booms. as a scientist or a scholar, rather than

Cultural differences have always been crucial sources of intellectual enrichment for the university and for Americans society at large. They should not now be treated as obstacles. Cultural autarchy is no solution to America's problems.

L'EONARD C. GROOPMAN.

Boom to End All Booms The other day as I was driving down the E-5 autoroute outside of Brussels, I saw a road sign for a town called Boom (which means "tree" in Flemish). It occurred to me that perhaps the NATO officials who decided to deploy the missiles in Florier ennes, Belgium, made a mistake. They should have put the missiles in Boom. The sad part is that if there was a boom in Boom, there would be

THERESE A. COLLINS. 

## **New Banks: Self-Service** All the Way

By Kathleen Hawk

GAINESVILLE, Florida — The lobby has little in common with a traditional bank branch A few tellers share a counter with automated teller machines. Along the walls, enclosures shield customers as they open accounts; calculate loan schedules, pay bills, trade securities or conduct other business by touching the glass faces of electronic terminals. Desks at the center of the room offer services such as insurance, real estate and travel arrangements.

Jointly developed by Bank One Corp. of Columbus, Ohio, and Diebold, a supplier of bank Systems, this automated branch will open in October in an affinent suburb of Columbus. Calling it a "new horizon," John Russell, the bank's marketing vice president, said the systems were designed by "people who understand the constituer and how they're going to react to interactive designed."

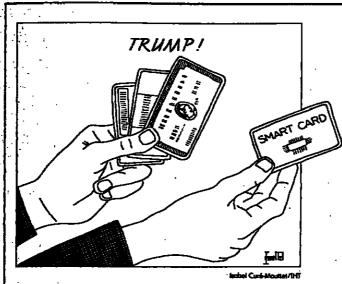
interactive devices." These new units and Mr. Russell's comment illustrate a trend that links marketing goals with technology. Identified as the "third phase" of technology development by Touche Ross International in a recent 26-nation study, "The Impact of Technology on Banking," this movement involves "migration of service delivery into customers' hands" and "personal and global transaction and telecommunications networks."

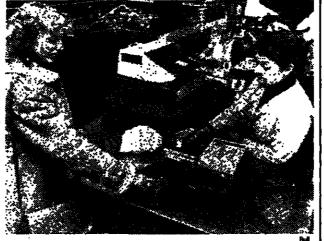
Touche Ross International found that "a few countries, particularly the U.S. and several larger European countries," are leading this phase. The first two phases involved automation of back-office data processing and then automated

payment systems and branch functions.
The technology offers challenges to the industry: On the "front end" that consumers see and use, there is high market sensitivity in design of both financial products and delivery systems, and, in the "backroom," increased reliability and access to a broadening spectrum of data bases by the infrastructure of computers, software and communications systems.

"There is a generation growing up that will view the banking terminal as their bank," observed John Morgridge, marketing vice president for Stratus Computer. There will be a growing list of services and the terminal must always be available.'

Ergonomics, the science of making machines comfortable for people, is helping produce a (Continued on Next Page)





Automated payment in a Blois shop.

#### The Smart Card Earns Its Credentials in a French City,

By Mark Hunter

BLOIS, France — In September 1982, this icturesque city of 58,000 on the banks of the Loire began an experiment to test the viabili-ty of the "smart card," a credit card containing a computer chip.

The card's backers, the postal authority and the GIE Carte à Mémoire, a consortium of French banks now regrouped as the GIE Carte Bancaire, hoped to discover if the cards

"would work in the hands of the public," said Andre Michaud, who directed the experiment for the GIE Carte à Mémoire. At the same time, the card used at Blois, manufactured by Bull Group, would be compared with differ-ent cards made by Phillips and Flonic-Schlumberger, under test at Caen, in Normandy, and Lyon. Blois won the first step of the race. The card used there, the Bull model CP8, was selected as the national standard by

success," said Jean-Louis Marchand, a mem-ber of the post office's smart-card team. "It showed that the techniques and equipment for a national system, and our ability to provide them, are in place. And we settled on the mixed card. The mixed card combines the magnetic stripe of a common credit card with a computer chip on the card's opposite face. It can be used with current electronic money



The IPSO smart card is used in a Blois pay telephone booth

## Why One Money Card Must Outstrip the Rest

By Nancy L Ross

WASHINGTON - The "smart card" -plastic money embedded with a microprocessor — is scheduled to make its American debut this summer in pilot programs initiated by Master-Card International. The test will help to deter-mine ultimately not only whether the card with the silicon chip can be a winner in the United States, but also which country's technology will set the rules for the rest of the players in the global arena of electronic funds transfer.

In Columbia, Maryland, outside Washington 50,000 program participants will receive plastic cards made by the French computer group Bull and marketed by its Dallas subsidiary, Micro Card Technologies Inc. In Palm Beach, Florida, a similar number of subjects will receive cards provided by Casio Microcard Corp. of Japan. Customers will be able to use the cards to pay for goods and services at selected retail loca-

Both types of cards have encoded chips that have a customer's password or secret number built in. In this way they permit cheap, quick verification of the holder's identity on the spot without the information having to be transmit-ted electronically to a centralized computer. Since the card has its own intelligence, it has been dubbed the carte à mémoire in French and the "smart card" in English. The chips also have the capability of storing other means of identifi-cation such as the user's signature or fingerprint. as well as up to 200 transactions. However, the Japanese card contains two chips; the French version, one. Moreover, they are placed in different locations on the card.

Experts agree that standardization is essential if the as yet expensive and experimental technology is to succeed as a truly international payment mechanism. "We can't have a Europe-an card that will be used in Europe, a Japanese one for Japan and an American card for the United States," Russell Hogg, president of Mas-

terCard, said in Paris a few months ago.
The Japanese appear to have an edge at this point over the French, who invented the smart card. Last month, a New York working group of the International Standards Organization voted, 4 to 2, in favor of the Japanese version while permitting the French version on an interim basis. Some years ago, the same group voted against the Japanese practice of putting the magnetic stripe on the front of their credit cards because it interferred with the printed information such as the bank's logo.

Another hurdle is reconciliation of the clearing-house function. Differing national laws governing such things as receipts, disclosure and currency exchange pose substantial challenges for software developers.

has occurred primarily within national borders. Not only does technology differ, but also deliverv systems, marketing, existing alternatives, culture and commitment by government or private industry. The result is a checkerboard, with some European countries highly advanced and their neighbors showing minimal interest. Or, a country will have made outstanding progress in one aspect of electronic transfers, but ignored

For example, France is the European leader in all facets of electronic transfers, whereas West Germany has shown little interest to date. Japan has wall-to-wall automated teller machines yet no debit cards. There is a lack of activity in Latin America.

How soon will there be a truly international electronic payment system?

Colin Reeve is vice president for interactive services and international systems for American Express Travel Related Services, a company whose green card has become the symbol of universally accepted credit. As such, he is more sanguine than most about internationalization, predicting that within three years consumers will have the ability to draw cash from machines in all developed countries.

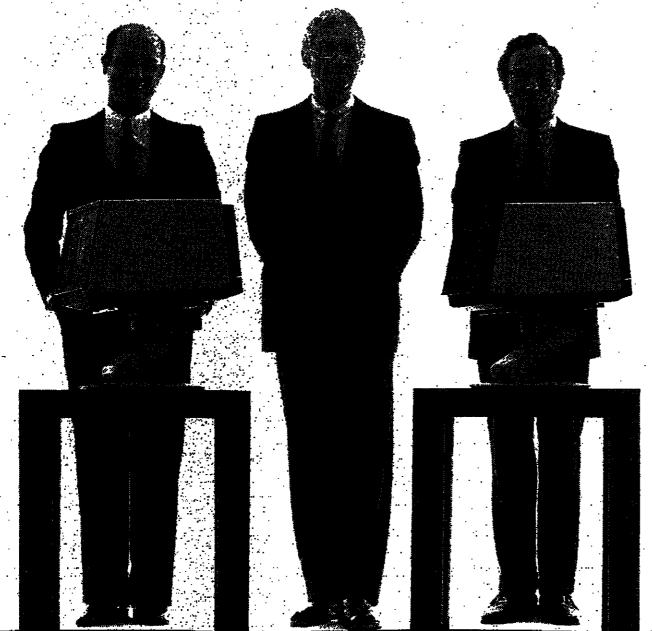
Last spring, Mr. Reeve conducted a survey of electronic fund transfer systems in 16 countries for American Express. He counted automated teller machines, point-of-sale terminals and debit cards worldwide. And just last month, statistics from the central banks of 11 developed countries were published by the Bank Administration Institute, with headquarters outside Chicago. Another survey has been regularly conducted by Spencer Nilson, publisher of a credit card newsletter in Los Angeles.

The figures differ, sometimes substantially according to the definition of machines and functions used by the survey organizers. For example, American Express lists 60,000 point-of-sale terminals in the United States, while the central banks, which define point-of-sale as the electronic direct debiting of the customer's account, list 800. So what follows are general conclusions drawn from these sources.

On a per-capita basis, Japan has the largest number of automated teller machines, followed by the United States, Britain and France. Hong Kong has the most per acre. The teller machines dispense cash and, in some countries, also trans-

(Continued on Next Page)

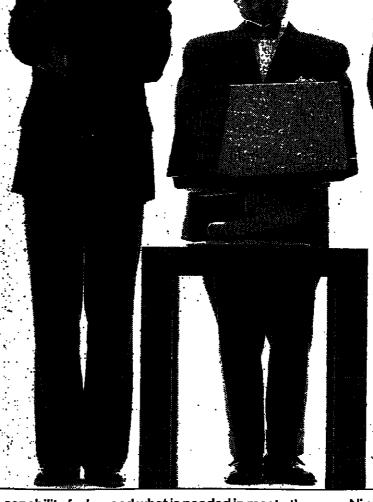
# Why so many bankers bank on Nixdorf



When it comes to choosing which computer company to work with, banks can take their pick. After all, practically every computer company in the world makes a computer that banks can use. So why do so many banks rely on Nixdorf? The answer goes far beyond hardware or system

True, Nixdorf computers have a well-deserved reputation for standing up to really tough usage, and that's important when downtime is measured in millions of pounds, marks, francs and dollars.

But hardware alone never sold a banker anything. Bankers require computers that can operate as part of complete telecommunications systems. They require speed, and excruciating accuracy. They require ingenious programming to handle incredibly complex transactions with hundreds of real-time variables. They require international capability, uncompromisable security, and absolute dependability under all kinds of conditions. The sheer volume of transactions, and the interdependence of those transactions requires a processing



capability far beyond what is needed in most other industries.

And the banking business is changing so rapidly that it's not enough to have a computer system. Today's needs require that there be a company standing behind that computer. A company with the size, the resources, the people, the technology, and the will to meet the specialized needs of the most demanding customer. Nixdorf. And every

bank knows it. Now you do, too.



Nixdorf Computer AG Fürstenallee 7, 4790 Paderborn West Germany, Tel. 5251/506130



## The New Banks: Self-Service Is All the Way

(Continued From Previous Page)

"friendlier" generation of hardware. An Omron automated teller machine, introduced last year in the United States and currently being reengineered for European markets, lights up at a customer's approach, can help a customer through his transaction with voice prompts and animated graphics, and can print an interim

The market shows increasing variety as firstgeneration automated teller machines, some a decade old, are replaced. There are bigger buttons, simple "1-2-3" instructions, drive-up units and "designer" models, like ATM Techonology's slim unit, International Business Machines introduced a check-cashing machine that gives exact change. SCI Systems unveiled a four-sided, touch-sensitive, coin-dispensing device for busy lobbies. And other vendors, like Burroughs, have driven the cost of cash dispensers below \$15,000, while increasing transaction

speed and case of servicing.

But even innovative automated teller machines are old news compared with other selfservice terminals. Software Alliance is negotiating a multinational contract for its touch-sensitive lobby terminal, programmable to open accounts, order checks, model loans and mortgages, and pre-qualify the customer. Since the system cannot actually sign the papers, it includes monitors for sales staff.

Not all vendors are banking on the avant-garde. Terminals that look reassuringly like automated teller machines now rap out interim statements with high-speed printers. Some lob-by units do nothing but provide a training tool to introduce customers to electronic banking.

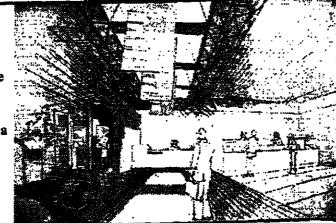
As technology minimizes routine work, branch employees are committed to the sale of bank services. Here again, automation is changing the way banks deal with customers. Work stations and personal computers in branches provide not only an efficient means of docu-mentation and bank servicing but a powerful

Bankers' complaints about lack of software indicate that marketing programs for staff work stations may be one of the growth areas of the next few years. Financial planning programs are particularly interesting today, because planning can be sold as a separate service, yet it provides a base for selling other products.

Bank of America is testing planning programs in selected branches. Keyed to goals like retire-ment security or children's college education. the programs indicate the levels and types of investment needed, said Bruce Mapes, a Bank of America vice president.

The trend toward terminal-based service puts heavy demands on "backroom" support systems. Behind all the terminals in banks, on consumer-oriented systems demand instantastreet corners and those linked to home banking neous information and completion. For these and cash management services are huge infor- purposes, mini-computers can collect the latest mation requirements. Retail-account balances, account information from the mainframe and corporate position reports, interest rates on store "memos" about consumer transactions credit and investment products, marketing pro- until the mainframe processes them. grams that "model" payback schedules and returns, investment market information — the list ing market share for these on-line transaction

Architect's drawing of the automated bank branch that will open in October in suburb of Columbus. Ohio.



information with service to produce fees. "Banks used to give information away," said Donald G. Long, IBM senior banking consul-

tant. "In the future, information will become banking's most important product." The personal and global networks mentioned

in the Touche Ross International report depend on the assumption that information files, even within a single bank, can be crossed-linked. However, assimilating the names and numbers of various types of account relationships into a core file can mean years of work and millions of

dollars, depending on the size of the institution.
Off-the-shelf "integrated software" products have become more numerous and more inclusive. Companies like Hogan, Logica, ACI and Anacomp have been working to complete these systems. The sheer bulk of the task recently caused Anacomp to set aside its project. Keven Scully, vice president of Logica's American sub-

Marketing programs for staff work stations may be one of the growth areas of the next few years.

sidiary, described the development of a centralized data bank for a Swiss bank as "the work of years, an astronomical commitment."

Many major banks, whose various accounting rograms were often devised independently of each other 10 years ago or more, have not yet committed themselves to system integration. The main problem is that we have huge systems built for efficiency, five million transactions a night. If you want to cross-cut, you have to invert the system," said Bart Bakker, innova-tion manager at Rabobank Nederland. "No one wants to throw away what they have, or build anew. So you have to build an auxiliary system."

"Auxiliary systems" built on microcomputers satisfy many problems of information access. The old systems "built for efficiency" are usualy batch-processed, running masses of accumulated data through the mainframe at a designat-

Fault-tolerant computers are taking a grow-

grows with the ability of marketers to integrate systems. Pioneered by Tandem Computers more than 10 years ago, they are engineered with paired components to keep one side running if the other fails. Tandem gained in the banking industry for reliability in automated teller machines and other fund-transfer networks and, more recently, it has been sold as a

mainframe to support integrated software in

banks in several countries. This year, fault tolerance was adopted by two giants in bank automation systems. After years of arguing that fault tolerance was no better of arguing that faint totelance was no obtain than its own solution of backed-up standard processors. IBM signed a remarketing agree-ment with Stratus Computers, a four-year-old firm with a fault-tolerant design that was claimed to maintain processing capacity better than Tandem's. In addition, Nixdorf Computer, the leading European vendor of bank systems, introduced a product based on fault-tolerant hardware from Auragen System Corp.

The final element in the information and transaction networks is the communications systems to move the data. NCR is developing a showpiece system for Fellesdata, the giant Norwegian service bureau. An extended hub-andsatellite configuration links the host to the branches, each branch to the point-of-sale terminals of its customers. Security systems are built into the network, which will support electronic mail, archive and retrieval functions and a totally integrated system of intelligent termi-

In England, Midland Bank is linking 1,700 branches with Midnet, primarily based on Nixdorf equipment. In addition to "opening a lot of new horizons in connecting points within the bank," according to Edward Newman, assistant manager of Midnet, the network links Midland subsidiary Thomas Cook travel agencies to other travel-oriented data bases. As a result, the system can be sold to other travel firms as a value-added network.

But the prime example of the "global network" that places the delivery service "in the customers' hands" may be the worldwide MicroStar network built by Bank of America for multinational cash management business. Linkng compatible mainframes around the world, MicroStar provides multibank position reports, credit and investment information, and transaction power to terminals on the desks of corpo-

rate cash managers on five continents.

In summing up the "third phase," Colin Klipen, vice president of Treasury Management Services, said, "We're moving functionally out of the backroom into the customer's office. They have control of the data. We also move costs to the customer, so it's beneficial for both

## Home Banking: Question Is When, Not If

By Amiel Kornel

NOTTINGHAM, England — In September 1983, a small regional bank in Nottingham attracted international attention by launching the first electronic home-banking service in Britain. But almost two years later, British home banking is barely off the ground.

While expressing optimism about the long-term prospects of such systems, bankers and analysts interviewed recently anticipate a slow growth for what was once considered one of the most promising facilities of the so-called electronic cottage.

Home banking in Britain is "very embryon-ic", said Karol Szlichcinski, senior consultant at Butler Cox & Partners Ltd., an international management consultancy in London. "We're not talking about very many users."

Three banks are currently involved with home banking in Britain. The Nottingham Building Society and the Bank of Scotland each offer an electronic home service to their customers. And Midland Bank, one of England's largest, is running a pilot trial.

The banks are reluctant to talk about the results of their experience. This reticence has generally led to pessimistic speculation about the systems' success. The tales that they and others tell suggest that the time is not yet right

"For a very long time it will only appeal to specific market segments," said Mr. Szlich-cinski. "In the U.K., a high proportion of people

don't even have bank accounts."

"In my mind," said David Bayliss, manager of electronic banking at Midland Bank, "there is no question that home banking is a service that will be required in the future." But he added: "The problem is that we're not quite sure that there is a market now, nor how big it is."

Developments in computing and telecom-munications technologies since the 1970s en-abled the wiring of homes and businesses for the reception of electronic information.

The growing enthusiasm for personal computers and the electronic delivery of information encouraged the development of systems for piping electronic financial services direct into the home via the telephone. Bank executives hoped to decrease personnel and building costs by persuading customers to conduct their linancial business from home.

In Europe, efforts by national telecommunications authorities to promote use of their networks spurred the development of videotex systems that link computers and terminals over the telephone line. The terminal is often no more than a television set hooked up to a decoder and

Growth of the Prestel videotex system in Britain, Teletel in France, and Bildschirmtext in West Germany has been accompanied by the development of electronic home banking. The first such service in Europe was offered by the Hamburg-based Verbraucher Bank. Credit Commercial de France and Crédit Lyonnais have piggy backed their services on the growing Teletel network.

In the United States, the development of home banking has been tied to personal-computer use. Chemical Bank and Chase Manhatian offer home banking to several thousand

Yet, many analysts and bankers are not optimistic about the prospects for rapid growth of home banking. "The proportion of households using such systems in the short term will be very small," said Mr. Szlichcinski. "I think that

Consumer demand will be slow to develop. Consumer demand will be slow to develop, predicted Mr. Bayliss, "The question is not if it will become a service of the future, but how quickly," he said. "It will not be profitable in terms of the number of customers before 1990."

"Home banking is not as immediate as some people are suggesting," said Alwyn James, spokesman for the Royal Bank of Scotland in Ediphyrich. "There will be some time before the

Edinburgh. "There will be some time before the public accepts it as an alternative to branch The current systems offer such services as

account statements, balance inquiries, transfer of funds between accounts, payment of standing bills and messaging between the customer and They also include assorted "frills" to make

the package more attractive. Games, auctions and classified advertising are available on the Nottingham service. A stock-brokering facility will be launched at the end of June. Many banks do not sense an urgency for

offering such electronic services directly to the home. "We see no benefit from being at the front of this particular movement," said Mr.

"In terms of home banking in Europe," warned Michael Gallagher, manager of electronic banking at Chase Manhattan in London, "it might still be a little early to be aggressive." Britain's building societies are regional banks that offer financial services similar to those available at savings and loan institutions in the United States. They have few branch offices and often have been slow to introduce modern tech-

After deferring computerization for several years, the Nortingham Building Society leap-frogged its competitors in September 1983 by offering a home-banking service called Home-

It is difficult to gauge the system's success. A sign in the bank's lobby urges customers to subscribe to Homelink rather than wait for service at the counter. But judging from the size of the crowds lined up on a recent afternoon, the message is not getting across.

The bank's executives refuse to divulge figures on system use. Although they say there are "several thousand" Homelink customers, they minimize the importance of having a large number of subscribers. "Being the size that we are," said Stuart Brandreth, deputy manager, "we don't have to be as successful in the numbers

game as, say, Barclays."

Experts disagree. "With most electronic services," said Mr. Szlichcinski, "volume is very important... There are high fixed costs to promise these services." vide these services."

Nottingham spent about £4 million (\$5.2 million) to develop Homelink, according to Mr. Brandreth Company records suggest that more than £1 million was spent between 1982 and 1984 on computer equipment for the system. British Telecom, the privatized national telecommunications anthority, and the Bank of Scotland also participated in development of

the project. In return for the investment, officials hope that the system will extend the bank's reach to other parts of Britain. "Our prize is that it's turning a regional organization into a national organization," said Mr. Brandreth. "It's a cheaper way to get more customers than by



## Why One Money Card Must Outstrip the Rest

(Continued From Previous Page)

fer funds and answer balance inquiries. Although the United States has more point-of-sale terminals, France leads based on population. A terminal, located in a store or gas station, is connected electronically to a network. It cap-tures and sometimes transmits payment data electronically. Its chief functions are credit authorization and identification verification.

However, if point-of-sale is defined as direct debit, France is the uncontested leader. This system means speedy payment for the merchant, who gets immediate access to a buyer's bank account or credit line.

In an interview, Mr. Reeve supplied his theories behind the numbers in his company's survey. The old and new in Japan account for that country's love of teller machines: expertise in high technology and traditional culture, Japanese like to have enough money for any situa-tion as they do not like to lose face, Mr. Reeve said. So they will take money out of a teller machine in the morning and put it back at night The teller machines, which developed slowly

at first in the United States, caught on when banks found they were an artful dodge around restrictions against interstate banking. Soon they became almost a necessity in the highly competitive environment of American banking Unlike the United States, with its 14,000

banks. Britain and France have but a relative handful of banks so the teller machines were seen as a logical way of expanding offices without the cost of bricks and mortar, and lengthening hours without the expense of overtime.

Among those listed by American Express as 'undeveloped" with regard to teller machines are such countries as Malaysia, the Netherlands, West Germany, Italy and Mexico, Mr. Reeve suggested that the small size of the Netherlands puts the Dutch within easy reach of banks. West Germany, on the other hand, pioneered the Eurocheque — paper guaranteed for small amounts that is cashable anywhere — so has scant need for cash machines. As for Italy, he cates as deterrents the fear of muggings and and cash payments lead to higher disc frequent changes of government that preclude a than plastic cards, which create a record.

firm national policy of funds-transfer develop-ment, such as France enjoys.

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Other factors are the effect of cold weather on machines in northern climes and a high incidence of vandalism, especially the use of super glue to seal drawers.

According to American Express, whereas the compound annual growth rate of teller-machine installations over a three-year period to 1986 will be 27 percent, point-of-sale terminals will grow by 62 percent.

In French homes there are 350,000 Missich. or small video screens linked to information sources, that enable viewers to get telephone numbers or their bank halances.

American merchants, with the exception of service stations, remain unconvinced of the utility of debit cards, given the start-up costs involved for hardware. There are about 1,100 direct debit terminals in the United States, according to Bank Network News. Home banking and videotex are in embryonic stages, with approximately 38,000 users. Recently, a joint venture was announced that will offer subscribers computerized banking, discount stock broker-age and merchandise shopping. At this juncture it is impossible to tell if or when these services will become popular and profitable.

Spain, Mr. Reeve noted, got into the game fairly late, but he expects the number of nointof-sale terminals to accelerate, pushed by the government postal service. Again, because of the postal service, ite also expects a lot of progress in Sweden in the next two years. However, he added that Sweden was a difficult country in which to do business because merchants there resist accepting credit cards, objecting to dis-counted payments.

Around the world, the Asian financial capital of Hong Kong shows a high density of teller machines and point-of-sale terminals, but no debit cards. Mr. Reeve offers a cultural explanation for this. Chinese love to happle over prices.

## **How Smart Card Earned** Credentials in a French City

(Continued From Previous Page)

distributors and point-of-sale terminals, as well as with the new equipment designed to

accept smart cards. At Blois, this equipment included 10 public telephones and 1,000 Minitel home video terminals with card "readers," which, as of June, provide full home banking services to users. In September, local hospitals will issue smart cards containing medical histories of expectant mothers and newborns in the

chips' memories. But the Blois test showed that human fac-

tors, especially among merchants and con-sumers, will play as large a role as technology in the smart cards' future. At the start of the experiment, 160 local merchants installed readers of smart cards provided by local banks in their stores. Five thousand selected bank clients were issued "IPSO" cards, which carried a chip but no magnetic stripe. These cards were supplanted by mixed cards given to all Carte Bleue and Visa holders beginning in May 1984, and the number in circulation rose to 15,000 at the end of that year.

Dominique François, a postal official who coordinated the experiment in Blois, said a post office study had shown in advance that the IPSO cards would be underutilized, be-cause consumers "had fear of the technology, and of a card that would replace checks." About 10 percent of IPSO cardholders used their cards one or more times per month, Mr. Michaud said.

Consumers believed that purchases made with the IPSO card would be debited immediately from their accounts, despite a note on a promotional flyer sent to them by the banks that the "float" on purchases would be "comparable to those of checks." The banks inadvertently added to this con-

fusion. "When we put out the IPSO card, we used the term 'electronic checking," said Guy Rousselle, client relations manager for the Société Générale of Blois. "And people said, 'We don't want to complicate our

The misconception stuck to the mixed card. "With the smart card, the money is taken out of your account immediately," said Pascal Di Lauro, a Carte Bleue holder interviewed in a Blois shopping mall. In fact, however, the new mixed Carte Bleue cards are billed exactly like the old ones.

Unlike a magnetic card, the IPSO card could not be used for over-the-counter purchases without a personal four-digit validating code. If an incorrect number is used three times in succession, the card is automatically blocked. The Carte Bleue mixed card's smart side has the same feature. This trait of the card also inhibited consumers, "People are prudent in their use of the

card, because they forget their code," said Jean-Marie Ferme, a participating merchant. "Often, we propose that they use the card,

and they say no."
For other users of the smart card, however, this built-in security is an attraction. Dany Prieur, strolling in the mall with his wife and baby, commented that his smart card "is much safer than checks." He said, "If you lose your checkbook, you're in trouble. Merchants are more likely to take the card than a

"All of us, banks and merchants, are agreed on one point: The smart card is a guarantee of payment, compared to a check or ordinary card," said Jacques Couppe, a

or ordinary card," said Jacques Couppe, a participating merchant and vice president of the Blois Union of Merchants and Artisans. The consumer is responsible for payment, as proprietor of his personal code.

But a sharp point of difference remains between the merchants and local banks. Each payment on a smart-card terminal carries a bank charge of 0.6 to 1.6 percent, depending on the number of transactions per day, with fewer transactions costing the merchant more. "We're giving a service to the banks," he said. "Thanks to us, they have fewer checks to handle... the card should be free to us."

Gérard Pujo, asistant director of the Crédit Lyonnais of Blois, conceded that "the goal is to suppress checks, in the long term." Each check costs the writer's bank 3 to 5 francs in

handling.

But Mr. Pujo added: "This is a very French argument. We give the merchants the equipment and a guarantee of payment; for that, we take a payment, and it's less than for Carte Bleue." The charge on a Carte Bleue payment

This conflict between bankers and mer-chants "is the principal problem for general-ization" of the smart card system, said Dominique Dran, a member of the smart card group at the national Agence de l'Informati-

que.

Mr. Michaud said, "Negotiations on this card are continuing between banks and merchants; the points will be settled between individual banks and their district." individual banks and their clients, depending

on the services offered." Meanwhile, the smart card is winning converts in Blois. The bank gave me my IPSO card — I didn't ask for it, said Robert Selva,

card — I didn't ask for it," said Robert Selva, a local realtor. "I use it often; it's easier than writing a check. Before long I'll have a Minitel for home banking."

"For the moment, the experiment is only in Blois," Mr. Selva said, "but soon I'll he able to use the card around France."

It is estimated that 10 million many and

It is estimated that 10 million smart cards will be distributed in France by 1990. Generalization of the system is expected to begin in October, Mr. Michaud said.



Dun & Bradstreet International

## What Banks Can Do **To Guard Against Electronic Fraud**

By Patricia A. Murphy

WASHINGTON - With electronic technologies reshaping the way the business of banking tional electronic net-is being conducted around the world, bankers work based on and industry observers alike are looking closely at the protection of electronic transactions from

A Bank of America executive vice president. Where is the need to Max Hopper, labels electronic banking fraud "one of my greatest fears," particularly the potential for fraud on electronic systems that nandle small dollar consumer transactions.

"There is limited attention being focused on security in this high-volume area," Mr. Hopper, who oversees technology applications at Bank of America, told an international gathering of bankers in Washington. "We sometimes forget that our major product is trust."

The need to secure electronic banking sys-ms against frand is not a new idea. "It has been on the minds of everybody since the eve of EFT [electronic fund transfers], but practically nobody has done anything about it," according to George Warfel, an electronic security expert based in Menlo Park, California. For example, Mr. Warfel said, "A very small percentage of the interconnecting lines of interconnecting networks are protected by encryption."

Encryption entails the scrambling of data so that it cannot easily be tampered with while traveling across high-speed communications lines. In the United States, where encryption is considered a norm, reportedly only a third of all on-line automated teller machine networks use

This bodes ill for security-conscious bankers like Mr. Hopper, who says his bank will not link into any teller machine network that does not

use encryption security measures.
Unlike small dollar consumer-oriented networks, vitually every large dollar interbank electronic funds transfer network in the world is

has the capability of encrypting data (such as consumer electronic transactions. Biometrics in personal identification numbers) before it is volves the identification of a card user through even sent across telecommunications lines.

The smart card has been widely tested in France, where it was first invented more than 10 eyeball patterns and signature dynamics.

years ago. And the French are busy putting in place a nasmart-card technol-

"Our feeling is: have a high-security measure on the network if you have a high-security card,"

cem, a Paris firm that specializes in electronic banking and shopping services. "The card is the first level of security that we want to upgrade." Mr. Warfel points to France as the nation where the most attention is being paid to elec-

tronic banking security.

Mr. Loviton agrees. "France is the first country in the world to have a national [electronic fund transfer] system, so we have to take care of the security," he said.

Aside from encrypting data, Mr. Loviton not-ed, the smart card also can track transaction patterns, and, when a consumer's shopping pat-tern undergoes a sudden change, can alert a merchant to the possibility that the card being used might be stolen.

Both the major international bank card organizations are dabbling in smart card technologies. MasterCard International will be testing about 100,000 smart cards in the United States this-month. About half of those cards will be supplied by Bull Group, the French firm that supplies most of the world's smart cards; the supplies most of the world's smart cards; the other half will be supplied by Casio Microcard Corp., the American subsidiary of Casio Corp. of Tokyo, and a relatively recent entrant into the smart card marketplace.

Meanwhile, Visa International's French affiliate, Carte Bleue, has been testing smart cards

biological features that are determined at birth and cannot be changed, such as voice tones,



"Adequately recorded, biometrics are as near fool-proof as we are going to get in this centu-

According to Mr. Loviton, the "dynamics" of a consumer's signature (the pressure and speed, for example) can easily be stored in the chip of a smart card. Then, each time a cardholder initiates a transaction, they simply sign their name on a special "pad," which records the dynamics of the signature being penned and compares those features against the data already stored in

"The signature will be for one time, and will be stored in the chip of the card," Mr. Loviton

cards storing signature information to begin. within the next few months. With more than 150 automated teller ma-

chine cards and several million point-of-sale debit cards circulating throughout the world, the consumer is considered the key to protecting electronic banking systems. Yet, consumers are also seen as being rather lax about protecting

ment of Justice points to the need for going beyond personal identification numbers in procareful about concealing their numbers.

#### Mr. Loviton expects market testing of smart

their personal identification numbers. A report recently released by the U.S. Depart-

One way of overcoming the risks of transactions flowing unprotected across electronic networks, Mr. Warfel and others believe, is through the use of "smart cards." A plastic card with a computer chip embedded in it, the smart card has the capability of encrypting data (such as personal identification numbers in protection numbers, which describes the findings of the U.S. government's first attempt at examining teller-machine fraud, suggests that most consumers (about three-quarters of those best security for the moment," Mr. Loviton says.

Looking ahead, security experts see biometrics are also of the unit of the consumers (about three-quarters of those describes the findings of the U.S. government's first attempt at examining teller-machine fraud, suggests that most consumers (about three-quarters of those describes the findings of the unit of the consumers (about three-quarters of those describes the findings of the unit of the consumers (about three-quarters of those describes the findings of the unit of the consumers (about three-quarters of those describes the findings of the unit of the percent of the teller-machine frauds studied by ments services are bursting on the marketplace the department involved consumers who had in most of the world's developed nations at an not written or stored their numbers someplace. extraordinary pace. This led officials to conclude that "a significant While different types of electronic fund trans-amount" of teller-machine fraud might be elimi-fer systems are used in different countries, they

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#### LONDON — Ever since King Hammurabi, the 10 members of the Bankers' Clearing House. II. a technically ambitious system that links founder of the Babylonian Empire, established. The report, published last December, urged a settlement banks over British Telecom's packeta code of standards for banking practice in the major restructuring of the organization, mem-switching network. The system came into opera-

sure an orderly system of payments.

The rapid growth of electronic money over the last decade, due to a proliferation of data-processing and telecommunications technologies, has lent new urgency to the need for

reliable and universal means of funds transfer. The increasingly large volumes of electronic money being moved among financial institu-tions worldwide have necessitated the creation of automated settlement and clearing organizations. Called the "unsung success story of electronic funds transfer" by one banking expert. the automated clearing house is essential to the smooth functioning of national and internation-

payments can be made rapidly and securely throughout the world. In 1983, the clearings in England and Wales alone totaled over 3.3 bil-

ion transactions. The art of electronically clearing large vol-umes of funds between banks has reached a new level of sophistication in Britain during the last year. The creation of a technologically advanced national system, CHAPS, and a massive review of all British payment-clearing systems has made London the focus of attention in developments of interbank money transfer.

"Other countries' payment-clearing systems also need reform," said Denis Child, a director and deputy group chief executive of National Westminster Bank, at a recent international symposium on banking and payment services in Washington. "The ideas contained in our study and our conclusions may provide a very useful starting point for others." Mr. Child chaired the commission that reviewed the British clearing system in 1984

In an effort to satisfy criticisms alleging secrecy and a lack of consultation by the clearing banks, the wide-ranging review was ordered by

18th century B.C., officials have sought to as- bership and control of Britain's payment-clear- tion on in February 1984.

According to the report, the Association for Payment Clearing Services, an umbrella organization, would oversee development of the clearing system. Three operating companies would handle Britain's paper and electronic clearings. Membership criteria in the companies were defined to permit participation by more financial institutions while maintaining the integrity and

efficiency of the system. Delicate consultations concerning implementation of the proposals are currently in progress. sions of the international network of the Society Observers close to the talks expect them to for Worldwide Interbank Financial Telecom-Observers close to the talks expect them to

ments, as well as on the financial community's confidence in the systems.

CHAPS, the Clearing House Automated Payment System, permits same-day authenticated payments between banks and other financial clearing systems, said one U.S. banker. Banks institutions in pounds. It is the symbol and are receiving enormous amounts of messaging payments between banks and other financial manifestation of British bankers' desire to make from the network, he said. Developing national London the world's leading financial center, systems is the only way to keep up. Bankers were motivated to act quickly by the growing success of New York's Clearing House Interbank Payment System, CHIPS.

CHIPS is a same-day settlement service for interbank dollar payments. It is used by American banks as well as the New York branches of many foreign banks. It is owned by 12 leading New York banks and has 86 members. The system processes about 90 percent of all U.S. dollar-denominated international transactions.

After scrapping a first version that was based on the centralized processing approach used in payment systems activity."

CHIPS, the London bankers developed CHAPS

Many banks boycotted the system initially... due to skepticism over its technical ambitions and dissatisfaction over the difficulty of becom-

But the Child report and the technical success

of the system has helped dispel those concerns... There will be a "dramatic increase" in participation as implementation of the report proceeds, predicted John Chappenden, manager of the CHAPS team at Midland Bank. Both CHIPS and CHAPS are national ver-

munications, SWIFT. The SWIFT network: conclude by the end of the year.

Although the Child report's proposals should not affect day-to-day operations of the clearing systems, they will have a major impact on organizational structure. Consequently, they should report to project the considerable influence on future developexert considerable influence on future develop- ship now encompasses more than 1,000 banks inover 50 countries. The network has played a key! role in the modernization of international bank-

"SWIFT has pushed the need for the local

A technical upgrade of the network, SWIFT II, is planned to progressively replace the pre-sent system by 1987. Similar to the London CHAPS II system, it will apply a decentralized design to transaction processing.

These will not be the last of the improvements required in electronic payment clearing systems. "However good our current arrangements are or might be," said Mr. Child, "the world does not stand still. Technological and other innovation will be constantly needed in all the main areas of

- AMIEL KORNEL

## Automated Payments: Opportunities Abound

By William R. Moroney

WASHINGTON - New automated pay-

nated if cardholders memorized or were more are all variations on a common theme - new technologies have become a multi-industry tool that will be increasingly used to provide con-sumers and business with a broad range of financial services.

These technological innovations will be used by the provider to automate and streamline the delivery of financial services and by the user to gain greater control over and benefit from these

The new developments in services for individual consumers include automated teller machine

William R. Moroney is president and chief executive officer of the Electronic Funds Transfer

networks, point-of-sale payment services in stores and videotex-based home banking.

These consumer services hold more promise for business than just the obvious benefit of increased financial convenience for the busiessman. They are a foundation for the creation of new types of partnerships between banks and other financial-service providers. And they are the infrastructure through which these new partnerships will jointly market and profit from the next generation of financial services.

Two examples from the United States are the evolution of automated-teller networks into value-added point-of-sale systems and the reorientation of videotex financial services toward the business customer.

The United States has more than 50,000 automated tellers and each day more are linked to shared networks. As these regional and national networks grow, a system is created for the delivery of point-of-sale services to a wide variety of ailers. Eventually, consumers will use their debit cards as frequently at retail locations to-directly access their asset accounts as they now

do at automated-teller locations.

This added convenience for the consumer will mean improved financial service for business participants as well. As point-of-sale systems evolve, many options are possible for the participating retailer, including the following:

 Cash becomes a commodity that can be bought and sold just like razor blades or gasoline. Cash needs are better controlled, reducing most retailers' largest nonproductive asset, in-

 Customer payment float is reduced, increasing retailer access to and earnings opportunities from sales income.

• Fraud losses are reduced through improved. authorization systems that will be a part of the electronic networks.

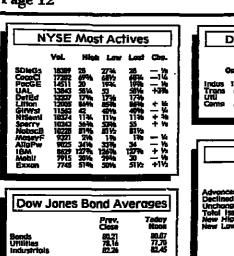
• Fund-transfer/point-of-sale systems may eventually compete by offering the business. customer value-added services.

A major issue in this development is the question of who pays and how much. The fees that providers of electronic fund transfers charge each other is an issue that is being, decided by the free market, and the key appears: to be financial investment in the system.



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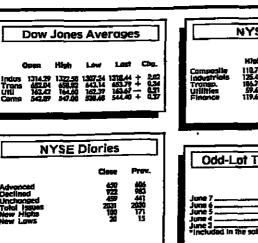
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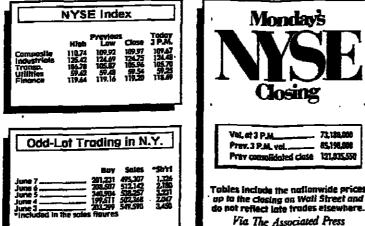
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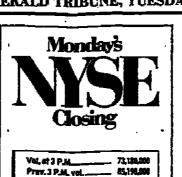
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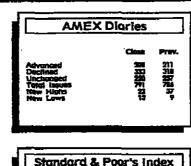
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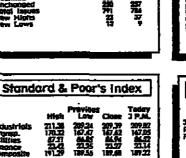
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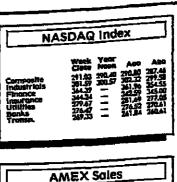
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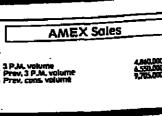
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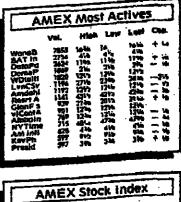








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## Trading Is Light on the NYSE

NEW YORK — The stock market was lower late Monday in light trading that analysts said was a reaction to last week's unexpected U.S. economic figures.

The Dow Jones industrial average was off 0.22 to 1,316.19 at an hour before the close. Declines led advances by a 3-2 ratio among the

1,963 issues traded.
Five-hour Big Board volume amounted to about 73,571,800 shares, compared with 85,190,000 in the same period Friday.
The market is still reacting to the surprise it

Although prices in tables on these pages are from the 4 P.M. close in New York, for time reasons, this article is based on the market at 3 P.M.

had Friday in the employment increase," said Monte Gordon, research director at Dreyfus Corp. "The increase tripped up the bond mar-ket and stocks were taken aback."

Mr. Gordon said the market had counted on the Fed to aggressively drive interest rates down. When the May employment report demonstrated strength in service-sector employment, the market concluded that the outlook is for continued sluggishness in corporate earn-

ings, he said.

With that in mind, the market backed off,
Mr. Gordon said. "The market will very possibly weaken further if uncertainty on the economy persists," he said. "The Fed has decided to quietly contemplate its navel" while waiting to see whether its last cut in the discount rate stimulates some economic growth, he said. On the trading floor, San Diego Gas & Elec-

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of the active list and slightly lower. Coca-Cola was off in active trading

Litton was slightly higher. Massey Ferguson was off fractionally.

Gulf & Western (ex-dividend) was off modestly. It plans to sell its Consumer and Industri-

2272 2272 2272 2272 2272 2272 2272 2472 2 al Products Group for about \$1 billion to Wickes Cos.

National Semiconductor was slightly higher. TWA was off slightly. It is reportedly close to being acquired by Resorts International. Re-sorts International Class A and Class B were

UAL Inc., parent company of United Air-lines, advanced UAL said it planned to recap-ture the excess assets of its various employee pension plans and estimated the value of those excess assets to be about \$962 million.

IBM was up slightly. Digital Equipment and Cray Research were lower. General Motors, Ford and Chrysler were all

AT&T. ITT and General Electric were lower. Westinghouse was up fractionally.

American Express was up marginally. Merrill Lynch was off modestly.

Citicorp. Chase Manhattan Bank and Mann-facturers Hanover were easier. BankAmerica was unchanged at 20.

Treasury Secretary James A. Baker 3d said Monday that the Reagan administration is looking for a pickup in economic growth in the second half of the year as business conditions show the effects of recent moves by the Fed to encourage lower interest rates.

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AMEX highs/lows.P.17
Fitting rose notes P.14
NYSE prices P.12
NYSE highs/lows.P.14
Consolion stocks P.18
Contency roles P.13
Commodities P.14
Dividereds P.14
Office markets P.18

TUESDAY, JUNE 11, 1985

#### **FUTURES AND OPTIONS**

#### **Foreign-Currency Markets** Fail to Shed Nervous Mood

By H.J. MAIDENBERG

New York Times Service

EW YORK - An unusual nervousness has recently gripped the foreign-currency cash, futures and options markets. Whether this development was caused by or was the result of recent actions by major global financial houses to sharply limit their exposure in foreign-exchange

dealings is not clear, according to market analysts.

Some foreign-exchange traders believe that the behavior of the market strongly indicates that a major move in the dollar's value may be at hand. But because no one seems to know when this may happen, and what direction the dollar may take, traders react to any move as the possible start of a trend.

"Currency values are

the best barometers

economic climate."

of a country's

Last week, for instance, the dollar rose strongly against all key

foreign currencies except the Japanese yen, despite sharply lower yields on domestic Trea-

sury and other instruments. The week before, the dollar posted equally large losses egainst these currencies. There is no question that the markets are nervous be-

cause there is no uniform school of thought today among currency traders on which way the dollar is going to jump," said Irwin L. Kellner, chief econo-mist at Manufacturers Hanover Trust Co. "Besides, traders have to react to the situation at hand, regardless of what their views

In his view, however, the dollar will not soar or plunge in the foreseeable future for several reasons. "For one, the economy is in fairly good shape," he noted, "and the Federal Reserve will not allow it to deteriorate or let interest rates decline much further. This means the dollar will continue to attract foreign investors."

OHN M. Blin, director of foreign-exchange and financial-options trading at Lasser Marshall Inc., a unit of the Mercantile House Group of London, the biggest interna-tional money broker, offered another view: "One reason the foreign-exchange markets are acting in so odd a manner is that their options prices which are the options of this continue." their options prices, which are the cutting edge of this extremely sensitive market, are behaving even more erratically. For instance, volatility, the key factor in options, has largely dried up, while their premiums, or prices, can neither be described as too rich nor too cheap."

The premiums paid to buy options are considered the most sensitive indicator of market sentiment in the vastly larger cashforward market in foreign exchange. Also, the call (buy) and put (sell) premiums that result from the continual auction process on option exchanges are usually a better indicator of value than the

one-on-one currency deals made by the financial institutions. Another reason, Mr. Biln said, was that "currency values are the bottom line because they are the best barometers of a country's economic, social and political climates. Today, foreign investors believe our country has the best of these climates."

Still another reason is that many foreign-exchange deals today, unlike those in options, involve various kinds of swaps between traders, rather than straight-forward purchases or sales of curren-

Because options are a wasting asset in that they have a fixed lifetime, investors in this market largely depend on volatility to help them obtain a profit. Normally, if the market is dormant, as it has been of late, the chances of achieving a gain diminish each day, and, consequently, so do the prices, or premiums.

While this situation is most profitable for those who grant, or

write, options that will never be exercised, it is a losing proposi-But as Mr. Blin, a former economics professor at Northwestern

University, noted, the prices of foreign-exchange options have been stable, despite the wild fluctuations in the cash markets.

(Continued on Page 17, Col. 5)

#### **Currency Rates**

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Source: Merrill Lynch, AP

Markets Closed

Most Australian financial markets were closed Monday for a holiday.

## Dollar Advances Strongly

**Interest Rates** In U.S. Cited

LONDON - The U.S. dollar rose markedly against all major En-ropean currencies Monday, thanks mainly to a modest advance in U.S. interest rates, foreign exchange

The currency traders said the dollar was buoyed by three factors: increases in the deposit rates for Eurodollars; rising interest rates for Eurodollars; rising interest rates in the United States; and expectations that U.S. economic growth was accelerating from its disappointing 0.7-percent registered growth in the first quarter of the

Dealers said the market was thin and remained highly susceptible to single large corporate transactions, but that the dollar appeared to be staging a gradual advance although fluctuating to achieve it.

In Loudon, one British pound cost \$1.2575 in late trading, down from Friday's \$1.2685.

Other late rates for the dollar Monday against Friday's late rates were: 3.0972 Deutsche marks, up from 3.0615; 2.61 Swiss francs, up from 2.59, and 9.4455 French francs, up from 9.337.

In Tokyo, the dollar closed at 249.80 Japanese yen, up from

Before reaching its late levels Monday, the dollar had hit peaks that saw it breach an upside resis-tance line of 3.1050 DM, dealers They said the mood of the mar-

ket appeared to have changed in dollar's favor in the absence of any new indicators as to how the U.S. economy was performing. The next major indicator, retail sales for new indicators as to how the May, is due Thursday.

## After Austerity, Mexico's Economy Now Suffers From Growing Pains

By Richard J. Meislin New York Times Service

MEXICO CITY — After the near-collapse of its economy in 1982 followed by two years of austerity designed to bring its finances into balance, Mexico is being plagued by a new problem:

growth.

A burst of economic activity that began late last year has brought with it a rise in imports and a continuation of serious, although declining, inflation—22.6 percent for the first five months of this year, according to the central bank.

After two years of decline, Mexico's economy grew 3.5 percent last year—nearly all in the second half of the year. As soon as the economy showed signs of life, imports shot up, reaching \$4.57 billion in the first four months of this year, a 38-percent rise from a year earlier.

Export income, meanwhile, dropped. The lower price of oil, Mexico's major export, cut petroleum

price of oil, Mexico's major export, cut petroleum receipts by 6.9 percent in the first four months of the year. Non-oil exports, burt by an overvalued peso, declined 15.2 percent.

With still-lower oil prices believed to be on the horizon, Mexico's deliveries in June have lagged to an average of 850,000 barrels a day, according to petroleum analysts here. This figure is sharply below the 1.5 million barrels a day in the country's economic projections, and the trend is expected to

cause further harm to export earnings.

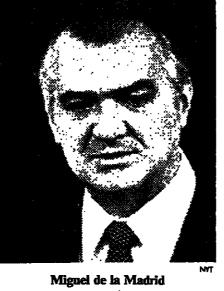
What seemed to be a loosening of the economic reins has concerned foreign bankers and economists in Mexico. The question, one economist said. is this: "Is the government saying, 'Look, we have suffered enough'?" But Mexican officials have sought in recent days

to dispel any idea that the country is about to relax its austerity program, which has been praised by the international economic community, if not by workers who have seen their standard of living

"There is an indisputable necessity to reaffirm control of public finance and the abatement of inflation," said Francisco Suárez Davila, an undersecretary of the treasury. Inflation had run at 100 percent in 1982 before declining steadily to 80 percent in 1983 and around 60 percent in 1984.

President Mignel de la Madrid, in a speech to businessmen, said that "we cannot accept a relapse

and we are not going to permit it." The government announced a few days ago that it had prepared another \$1.25 billion in cuts from its \$77-billion budget, which has already been trimmed by \$1.6 billion this year. Despite political pressures from hard-pressed workers, it also held wage increases for the first half of the year to 18



Inflation, dropping oil prices and resulting un-certainty about Mexico's short-term economic fu-ture have put serious pressure on the battered peso. Officially valued at 240 to the dollar, it has dropped as low as 300 in recent days in some cities

While most economists in Mexico believe some adjustment in the peso is necessary, there is doubt this will come before elections in July. "There are several things that can be done," said one Mexican finance official. "The problem is that everything seems to be paralyzed because of the elections."

The balancing of Mexico's economic recovery against its political stability has become an subject growing concern. The government has shown increasing signs of

years of austerity programs could be taking on Mexico's social stability — particularly among the

billion rural development program in May, warned that continued social inequality could not be tolerated because it could generate new conflicts "that sooner or later would rupture the social peace."

view the increase in imports as a healthy sign that

on the border with the United States.

awareness recently of the toll that more than two

President de la Madrid, in announcing a \$5-Not all the news is bad. Some private economists

(Continued on Page 17, Col. 8)

Mr. Yip's deposit-taking compa-

ny, Dominican Finance, was closed

down by Hong Kong authorities in

April, following investigations by

Dominican Republic authorities.

## **U.S. Court Says States May Form** Regional Banks

preme Court ruled Monday that states may band together to create regional banking systems, opening the way for a significant restructuring of the U.S. banking industry.

The court voted 8-to-0 to uphold

The Supreme Court's action like-

regional banking laws in Connecti-cut and Massachusetts. Similar laws have been adopted in the Southeast and are under consideration elsewhere.

Such laws are designed primarily to exclude big banks with head-quarters in states such as New York, Texas and California by allowing interstate mergers among banks within a region while banning all others.

Justice William H. Rehnquist, in his opinion for the court, said that the regional banking systems do not violate the Constitution's guarantee of equal protection under the

"Massachusetts and Connecticut are not favoring local corporations at the expense of out-of-state cor-porations," Justice Rehnquist said.

They are favoring out-of-state corporations domiciled within the New England region over out-ofstate corporations from other parts of the country."

Justice Rehnquist said that such laws are in keeping with the U.S. tradition of favoring "widely dispersed control of banking." Protecting the independence and local control of banks is a legitimate state activity, he added.

Federal law generally prohibits a bank holding company based in one state from acquiring a bank in another state. But the federal law allows state legislatures to make exceptions and authorize acquisi-tions by out-of-state holding com-

The government has been criti-

cized for not moving sooner against

OTB, Hong Kong's fourth-largest

local bank with assets of 10 billion

Hong Kong dollars (\$1.29 billion).

WASHINGTON - The Su- in 1982, and the Connecticut law, passed in 1983, both permit interstate takeovers if the acquiring

ly will prompt similar regional pacts elsewhere in the country, said John B. Moore Jr., a banking analyst at the investment firm of Rob-

ison Humphrey Co. in Atlanta. The Federal Reserve Board had said that "a significant restructuring" of the nation's banking industry was at stake in the case.

The regional system was chal-lenged by Citicorp of New York, and Northeast Bancorp of New Haven, Connecticut, which agreed two years ago to be acquired by Bank of New York Corp. but has so far been precluded from completing the merger.

The acquisition requires a nge of law either by Connecticut's legislature, or Congress, in addition to approval by the Fed. "We're very disappointed," said Scott Peterson, a spokesman for Bank of New York.

Prices for regional banking stocks surged on the New York Stock Exchange Monday, includ-ing shares in two banks involved in regional interstate mergers.

#### W. German GNP Declines by 1%

WIESBADEN, West Germay — Gross national product in West Germany provisionally fell I percent in the first quarter of 1985 from the fourth quarter of 1984, the federal statistics office said Monday. The figures are adjusted for inflation and seasonal variables.

GNP for the quarter in-creased an inflation-adjusted 0.4 percent from the same period of 1984. In the fourth quarter last year, GNP rose 1.5 percent against the third quarter, which had been 2.5 percent higher than the second quarter. The second quarter of 1984

saw GNP contract by just under 1.5 percent from the first quarter because of industrial GNP rose 2.6 percent. GNP is the broadest measure of a nation's output of goods and ser-

## Bank Failure Renews Calls for Financial Reform in Hong Kong

By Dinah Lee Bank Reopens

Washington Past Service HONG KONG — The collapse of Overseas Trust Bank Ltd. and subsequent rescue last week by the Hong Kong government could not have come at a better time for those the British colony pressing for belated reform of financial supervi-

Even as the Legislative Council passed an emergency bill Friday giving the government ownership of OTB, recommendations for tightening control of lending and bank capitalization were under re-view in the offices of Banking Commissioner Robert Fell.

Among the suggestions have been the establishment of a depositors' insurance program and the improvement of the bank reporting

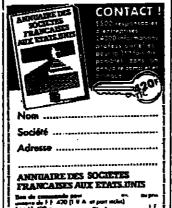
But observers wondered if these or other measures could have had any effect on the circumstances that led to OTB's failure. The financial secretary, Sir John H. Bremridge, said the collapse followed an intensive, two-month audit of the bank's books and appeared to be the result of a major

Four OTB employees, including the managing director, have been charged with banking-law violations since the failure.

The reluctance with which officials agreed to rescue OTB was palpable. Legislative councilors voiced concern that passing the rescue bill would give other banks the impression that they could rely on similar

"We cannot possibly bail out all lame ducks as they go lame," Carl Tong, a legislative councilor, said during Friday's debate on the OTB rescue. "Surely the system of safeguards must be changed. How is it that after two close months of examinations by our bank examiners, action was apparently taken only at the 11th hour when the chairman of the bank wrote to advise the authorities of the bank's insolvency? Sir John said he recommended the bail-out only because the local bank's problems were not the result nanagement or "the lack of

prudential supervision by the Banking Commission." Sir John said he feared that if OTB was not rescued, foreign banks would pull their funds from other local institutions, endangering the local banking system. He said later that he could name at least eight banks that could have



## In Hong Kong

HONG KONG — Overseas with new management and government deposit guarantees after declaring itself insolvent and closing for a financial institution. A large

were calmer Monday and the Hang Seng stock index rebounded 29.32 points, to 1,571.87. The index had numbled 86.95 points Friday amid concerns for Hong Kong's banking

Meanwhile Monday, the former head of OTB's credit-card operation was charged in court with con-spiracy to defraud. Leow Tshunlin, 35, was the fourth OTB official to be charged since Friday with violations of banking laws.

collapsed if denositors moved their capital to "quality" banks. He said he also feared the deterioration of Hong Kong's reputation as a credible financial center.

The colony has 141 banks, 33 licensed deposit-taking companies, 307 registered deposit-taking companies, and 119 representative of property companies, the most banking offices. It has grown into notable being the Carrian Group, the world's third-largest financial center, after New York and Lon-don, by virtue of flourishing lais-sez-faire financial policies.

Ironically, it was one of the chief architects of Hong Kong's non-in-terventionist policies, Chief Secre-tary Sir Philip Haddon-Cave, who sided over the emergency legislative session that rescued OTB Friday. Only 24 hours away from his retirement, Sir Philip's last official act was to oversee passage of a bill that, in effect, made the government one of Hong Kong's largest commercial-bank operators.

And it is government intervention in the past two years that may be changing Hong Kong's free-wheeling image. In October 1983, during a period

of political uncertainty about the which had a loss of more than \$1 of political uncertainty about the colony's future when it returns to Chinese sovereignty in 1997, the government linked its currency to that of the United States. The exchange rate now is limited to 7.7 to 7.8 Hong Kong dollars per \$1.

A month earlier, Sir John orchested the reserve of the Hong I was period. Mr. Fell said that OTB's problems could be traced to a series of loans made by OTB to Simon Yip, a Hong Kong businessman who acted as the Dominican Republic's honorary consul in Hong Kong.

Mr. Fell said that OTB's problems made in the 1981-1982 period. The banking commissioner said his office was specifically aware of problems with OTB about a year ago.

ment had assumed responsibility local bank with 28 branches, the The colony's financial markets Hang Lung had been the subject of a bank run in 1982, and had been linked with a failed registered deposit-taking company, Dollar

Credit & Financing These factors, among others, led the government in 1983 to begin the current review of its financial supervisor and banking practices
— a review that should result later this year in proposals from Mr. Fell for legislative changes. Mr. Fell said Friday that al-

though the Hang Lung and OTB rescues were separate, "there are possible strings that go through several failures in Hong Kong. At the end of the day, so much of the problem comes back to the banking

The banking commissioner was referring to the property and bank-credit boom of 1979-82 that led to the eventual collapse of a number

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is committed to draw not less than

secondary market.

\$600-million bearer-note issue.

among all the managers.

The basic charges - a margin of

5 basis points over Libor plus the

front-end fee — amounts to an an-nual cost of 7.75 basis points over

Libor. By way of comparison, Elec-

tricité de France recently paid 8.75

## BNP Issues \$600-Million Notes With New Twist Japan Raises

By Carl Gewirtz onal Herald Tribune

PARIS — Banque Nationale de the aim being to oblige banks to Paris launched Monday \$600 mil- account for these potential loans. tion of floating-rate notes with a

The purpose of the operation is next 10 years. The difference, however, between this credit line and standard backup credits is that the lenders will have a listed security which they can keep on their own books or sell in the market.

In contrast, standard backups are commitments that banks cannot get rid of. This "securitization" of the backup credit is an important development since banking credit.

authorities in all the major industrialized countries have let it be said they will accept the BNP for-

known that they are studying the proliferation of such credits with commercial paper in New York. In

Backups do not show up on the balance sheets of banks until the line is actually drawn. Supervisors to secure for the bank a \$500-miline of credit that other banks are concerned that in a crisis all lines for the bank are committed to provide over the ly the time when banks would be called on—at exacting the size of the bank is marketing \$600 milines of the most hard pressed to provide them. Under the BNP formula, banks will still have to supply the cash if

> could be sold The other significant aspect of the operation is that the cost of the backup is lower for BNP than a traditional syndicated backup

general, these standby facilities is committed to draw not less than have been arranged to back the sale \$100 million initially and not less of short-term notes either in the than \$50 million in subsequent New York commercial-paper mar-drawings. These all will be stanket or the budding Eurocommer- dard bearer securities of floating

lion of 10-year notes of which only \$100 million will be initially offered. These will be registered secucalled on to do so, but they will rities in large denominations of have a security which, if necessary, \$1.5 million each, for which banks will be required to put up only 20 percent of the face value — or

These registered securities can be sold, but only to other banks - the 250 largest banks in the world — which BNP has put on its approved

#### Auto Exports on some or all of the remainder, it To the U.S., dard bearer securities of floating rate notes which may be resold in

TOKYO - Japanese auto exsures that the public issue will be large enough for there to be a liquid ports to the United States continued to soar on an annualized basis If and when the entire \$500-milfor a second consecutive month in lion backup has been called on, the May, and Japan posted its second initial \$100 million now being marhighest monthly surplus in U.S. trade, the Finance Ministry reportketed will cease to be registered ed Monday. securities and will form part of the

Japan exported goods worth Interest on the notes is set at 5 \$5.69 billion to the United States in May, and imported U.S. goods worth \$2.28 billion, leaving a Japanese surplus of \$3.41 billion, second only to the \$3.46-billion surbasis points over the London interbank offered rate, the standard measure for FRNs. Banks taking the \$100 million of registered notes will be paid interest on the full \$600 plus in Ápril.

Before that, the previous high million, meaning they actually will was \$3.31 billion last September.

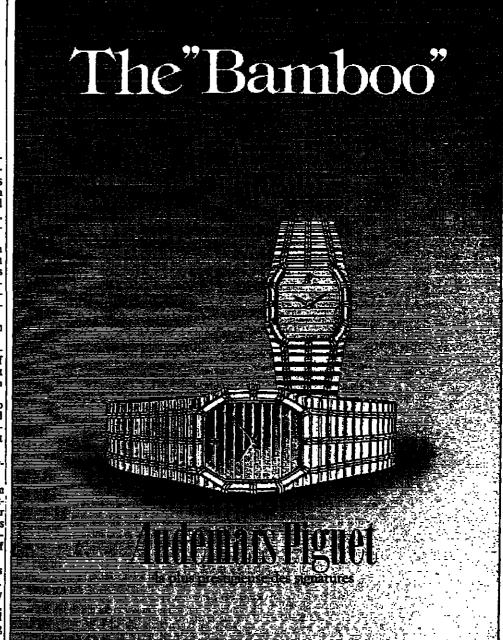
Japan's surplus in U.S. trade totaled nearly \$37 billion for all of be earning 30 basis points over Li-The remaining notes will be offered to banks at a discount, start-1984, and American government ing at 99 percent of face value the officials have forecast a \$50-billion surplus this year.

The ministry said car exports to the United States in May reached \$1.79 billion, down from \$2.09 billion in April but up 23.3 percent from May, 1984.

The April figure was up 20.5 percent from April, 1984.

in trade with the European Community in May, Japanese exports fell 9.7 percent from a year earlier to \$1.42 billion and imports dropped 19.6 percent to \$724.8 million, leaving a Japanese surplus of

For all of 1984, Japan's surplus with the EC was about \$10 billion. Japan's exports to China in May rose 118.7 percent to \$1.09 billion, while imports from China climbed 8.5 percent to \$580 million, leaving a Japanese surplus of \$506 million



## Plans for Global Trade Talks Progress

By Axel Krause

tional Herald Tribune STOCKHOLM — Trade and finance ministers of 21 nations agreed Monday to organize a meeting in the next three months aimed at beginning new world trade nego-

Mats Hallström, Sweden's minister for foreign trade and host of the three-day conference, termed the agreement "a significant breakthrough" in beginning new talks.

The ministers agreed that senior trade officials would meet some time before the end of September to "invigorate a process of negotia-tions" to follow, he said. The orga-nizational meeting is expected to be held in Geneva under the auspices of the General Agreement on Tariffs and Trade.

One minister said that the way was cleared for agreement by a

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CAPITAL INTERNATIONAL CREDIT SUISSE (ISSUE PRICES)

Brazil to separate the trade negotia- Geneva-based agency and about 35 tions into major sectors — goods apply its rules to trading. and services - which drew the support of many ministers.

The issue had threatened to be a conference. Twenty-three develop-ing nations, led by Brazil and India. want any new trade talks to focus on goods, while some industrialized countries, including the United States, Japan and members of the European Community, want nego-tiations to include trade in services and high technology.

Michael B. Smith, the acting U.S. trade representative, said that "substantial progress" had been made here toward the Reagan administration's goal of starting ne-gotiations between industrialized and developing countries belong-ing to GATT in 1986.

Ninety-two nations belong to the

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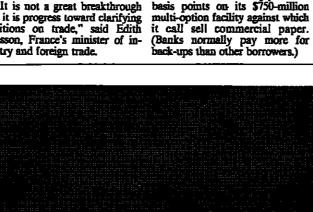
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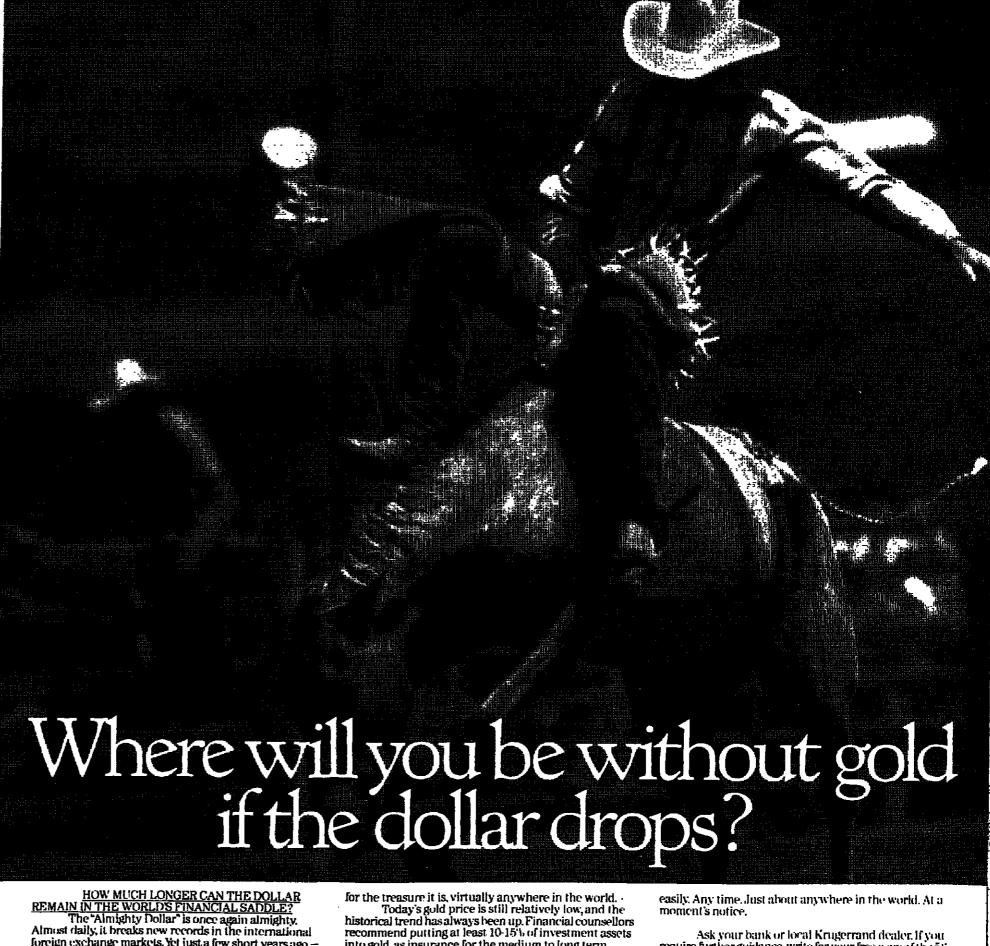
ADVERTISEMENT-INTERNATIONAL FUNDS Quotations Supplied by Funds Listed 18 June 1985

first year and rising to 99.10 percent next year and by 10 basis points in each subsequent year. This sliding discount will give banks an additional earning of 10 basis points on all subsequent Delegates to the organizational meeting would evaluate papers from participants outlining their major obstacle to progress at the priorities and goals for the negotia-conference. Twenty-three developted to GATT prior to the meeting drawings.
In all, BNP is paying commissions of 27.5 basis points with five itself, Mr. Hallström said. Several ministers said that they believed position papers could be submitted held by lead manager Credit Strisse First Boston and 22.5 divided

countries are ready, the U.S. is ready and we are ready" to begin preparations for the round, said Willy de Clercq, the EC commis-sioner for external relations and

"It is not a great breakthrough but it is progress toward clarifying positions on trade," said Edith Cresson, France's minister of in-





foreign exchange markets. Yet just a few short years ago -1980 to be precise - the "greenback" was flat on its back. One of the weakest currencies in the world.

What has given the dollar such a strong new life: The buoyant U.S. economy? Or artificially high American interest rates, supported by mind-hoggling national

Economists are divided. But they seem to agree on one thing: the U.S. currency is probably overvalued and it is likely to decline. Perhaps gradually, Perhaps precipitately.

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predictions are realized. Why gold? Because all currencies - even the U.S. dollar are simply pieces of paper. Their value is as strong, or weak, as the country which stands behind them. Which paper

currency would you choose as a refuge from the dollar? By contrast, gold is a metal. A precious metal, its value depends on no nation, on no economy. The value of gold is intrinsic, and therefore trustworthy. Moreover, it is easy to store, easy to transport. And instantly recognized

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require further guidance, write for your free copy of the 56 page booklet "European Guide to Gold and Krugerrands" to: International Gold Corporation Coin Division 1. Rue de la Rôtisserie CH-1204 Geneva Switzerland



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P The Associated Press NEWTON, Massachusetts -400 3.2 7.5 3.2 7.00 10.3 **Chinese Minister Cites** The house where Benigno S. Aquino Jr., the Philippine opposi-tion leader, lived from 1980 until he **Businesses Evading Tax** 500 12 40 12 Agence France-Presse
BEJING — About 40 percent
of state enterprises and the majority of collective and individual
business concerns in China's Hubei
province are guilty of tax evasion,
the country's justice minister, Zou
Yu, said Sunday in an interview
carried by the official Xinhua news
agency.
Mr. Zou attributed this to a lack
of knowledge about economic regulations, the report said. returned in 1983 to Manila, where he was assassinated, will become a museum to house memorabilia and .32 2.8 .40 1.9 1,047 6.2 ,80a 2,0 a library of the Philippines, the Benigno S. Aquino Memorial Foundation said Sunday. 232 41 .17 1.7 .36 1.3 .40 6.2 32 20 50 4.1 .01r .49 1.10 7.6 1.20 3.6 1.12 4.5 KEEPUP TO DATE WITH BUSINESS PROPILE APPEARING EACH WEDNESDAY AND REDAY IN THE HT .80 3.7 .08 FOREIGN & COLONIAL
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#### Hanson Aims to Raise \$638 Million

LONDON — Hanson Trust PLC, a British diversified industrial holding company, said Monday it is raising £503 million (\$638.8 million) through an issue of ordinary shares and an issue of convertible preference shares.

The issue terms are one new ordinary share for every six ordinary ending Sept. 30 of 2.7 pence an ordinary share, making 4.2 pence shares held at 185 pence each. Also, ordinary shareholders and

holders of Hanson 8-percent convertible unsecured loan stock dated 2004 to 2009 will be offered Hanson 5.75-percent convertible redeemable £1 preference shares.

shares are being issued at 100 pence

The company is raising about £359 million, net of expenses from the one-for-six rights issue, and about £144 million net from the issue of convertible preference

The 185-pence rights subscrip-

AMC May Leave

U.S. Plant Open

Compiled by Our Staff From Dispatches

of American Motors Corp., in a

newspaper interview published

here, has left open the possibili-

ty that the company's only U.S. assembly plant could continue

to operate if unionized workers

make concessions on wages and

The executive, Jose J. De-

deurwaerder, was quoted by The Detroit News on Sunday as

saying AMC would build small

cars overseas to replace the pro-

duction from the plant at Keno-

sha, Wisconsin, if negotiations

with the United Auto Workers

aimed at reducing labor costs

were unsuccessful. Negotia-

AMC, which is 46.4-percent

owned by Renault, the French

state-controlled automaker,

filed legal notices last month

with the state of Wisconsin and

with more than 5,500 hourly

employees of its intent to close

the Kenosha plant by July 1,

tions were to resume Monday.

benefits.

DETROIT - The president

July 4 and the final 85 pence by price and convertible preference Sept. 27, 1985. The convertible shares with an attractive yield gives preference share issue will also be shareholders an opportunity to inpartly paid, with 50 pence due by huly 4 and the final 50 pence by pany on advantageous terms. Aug. 30, 1985.

Hanson said it expects to pay a final dividend for fiscal 1984/85 against 3.33 pence the previous

Holders of the newly issued ordinary shares will be entitled to the final dividend.

cemable £1 preference shares.

The 5.75-percent convertible preference shares will pay dividends on April I and Oct. 1. The arch Hanson said shares will be convertible at the rate of one ordinary shares for every 2.4 convertible preference shares on Feb. 28 in any year from 1988. The redemption date is Oct.

> Hanson said its board believes the combination of ordinary shares

tion is payable as to 100 pence by offered at a discount to market pany on advantageous terms.

Hanson ordinary shares on the London Stock Exchange were last quoted Monday at 219 pence, down from 222 pence late Friday. The company said the funding exercise will enable it to take greater advantage of opportunities and

ther major acquisitions. In the short-term, the proceeds will significantly reduce Hanson's borrowings. Cash spending on acquisitions since 1981 has totaled

provide a strong stable platform for

internal growth and possible fur-

some £646 million. Last week, Hanson reported pretax profit of £106.1 million, up from £64.4 million for the six months ended March 31. Sales rose to £1.48 billion from £900.4 mil-

#### NTT, IBM Plan Computer Link

The Associated Press

TOKYO — Nippon Telegraph & Telephone Corp. and International Business Machines Corp. are jointly developing a system that would enable users of Japan's domestic communications network to connect with IBM's computer network abroad, NTT and IBM

Japan spokesmen said Monday. The two companies have completed basic research on providing such a link for domestic computer users,

Asahi Shimbun, the Japanese ewspaper, reported Sunday that the aim of a tie-up between NTT and IBM would be to compete with a worldwide comnunications network planned by American Telephone & Telegraph Co.

#### Fed Interventions Cost \$580 Million

The Associated Press

NEW YORK - The United States intervened on six occasions in currency markets in February and March, buying \$580.2 million of Deutsche marks, Japanese yen and British pounds, the Federal Reserve Bank of New York said.

U.S. authorities had acknowledged in early March that they had intervened, but details of the operation were made public Friday in a report from the New York Fed. It was the largest bout of U.S. intervention for any quarter since the February-April period in 1981; when \$778 million worth of DM were purchased and \$74.4 million in DM were sold by the United

#### Norway Oil Field Approved

plans to develop the second phase of the North Sea Gullfaks field which will produce 200,000 barrels of crude oil per day from 1990. The \$4.5-billion development is aimed

Sis. Close Div. Yid. PE 100s High Low Quot, Ch'ye

### Dollar's Rise Seen as Economic Threat Mexico Has

(Continued from Page 1)

elsewhere," the report said. "The sad conclusion is that, given the existing characteristics of labor and product markets, there is no macroeconomic policy of any shape or ployment and price stability.

Or, to put it more positively: The precondition for restoring the effectiveness of macroeconomic policies is a much greater flexibility of markets."

The report suggested, for exam-ple, that wage indexation based on price indexes be replaced by linking remuneration — at least in part individual firms "somewhat along the lines of the bonus and overtime provisions applying in Japan, where fluctuations in labor income have gone hand in hand with relative job security."

(Continued from Page 13)

tions writers and buyers are equally

convinced that something is going to give; that sooner or later either

the dollar is going to retrace its

advance of recent years, or it is

going to weaken substantially. When? We don't know. But we do

As for the economic influences

know markets abhor standoffs."

on the dollar, such as the national

budget and trade deficits, Mr. Blin

said: "While all economic factors

biggest influence is the flow of cap-

ital between countries. As long as

their savings, many will continue to

But he noted that the over-

whelming majority of options buy-ers follow technical indicators, and

the major European currencies.

buy dollars for investment here."

Futures Markets Are Nervous

Why? "The consensus in the trade at this time," he said "is that op-

(Continued from Page 1) the market and for unemployment tions engaged in the business "may not in the labor market but also to be gradually swept away," the make it hard for individual particireport said.

The BIS also expressed considerable disquiet about the speed and diminish the transparency of the breadth of deregulation, innovation and despecialization that is combination capable, by itself, of transforming the international fi-leading simultaneously to full emit said, "must be kept firmly under emphasized the need for banking control, so as to ensure that it proceeds in an orderly and balanced way without suddenly exposing varive and more competitive enviwhole categories of financial inter-

mediary to disruptive pressure."

The BIS is concerned that the operative efficiency of central banks' monetary policy may be undermined, that the "transparency"

Producer Prices to the changing profitability of of markets and of the operations of individual institutions may become clouded

Jean Godeaux, head of the Belgian central bank and chairman of the BIS, said in his personal comments to reporters that the com-"Only such a major departure plexity of the new hedging devices, from current practice could make it such as interest rate and currency possible for labor to be priced into swaps, and the number of institu-

market services, said their comput-

ganization in Guttenberg, New Jer-

Saudis Devalue; Link

eign-exchange dealers said.

The Saudi Arabian Monetary

Seen With Oil Earnings

LONDON — British producer prices rose 0.2 percent in May, after April's rise was revised to 12 per-

Rise in Britain

pants fully to understand the risks

involved in them, and may also

Mr. Godeaux and the annual re-

port written by Alexandre Lamfa-

lussy, general manager of the BIS,

authorities "to adjust the supervi-

sory framework to this highly inno-

ronment" and to coordinate these

international markets."

efforts internationally.

cent from 1.1 percent, the govern-ment reported Monday. Manufacturers' costs fell 1.1 percent in May after April's fall was revised to 3.2 percent from 2.5 percent. The year-on-year increase slowed to 3.6 percent from a revised 5.2 percent in April.

In another report, the government said retail sales rose a seasonally adjusted and provisional 1 percent in May, after April's 0.2-percent increase.

#### sey, which supplies technical data for brokerage bouses and traders, uses a formula based on price and U.S. Refuses to Halt Icahn Bid for TWA The Associated Press

WASHINGTON - The Department of Transportation reused Monday to intervene in Carl MANAMA, Bahrain — Sandi C. Icahn's attempted takeover of influence a currency's value, the Arabia devalued its currency Mon-Trans World Airlines Inc., saying day for the third time this year, in that the government should not be drawn into takeover attempts or what may be an attempt to comother management disputes. foreign investors look upon this pensate for falling oil revenues that country as the safest depository for are denominated in dollars, for-

The department denied a TWA request to order a halt in Mr. leahn's attempt to control the air-Agency adjusted the rate at which line or begin an investigation into whether the New York financier is it sells dollars to commercial banks in Saudi Arabia, to 3.65 riyals to fit to operate an airline. last week most were buying calls on the dollar from 3.61. It was the

Mr. Icahn has purchased nearly largest shift in at least four years one-third of TWA's 34.5 million common shares and has said he possible at \$18 a share.

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# **Growth Pains**

(Continued from Page 13)

the economy is starting to rebound and as an indication that the government is serious in reducing the protection of domestic industry, both lowering prices at home and making Mexican manufactured goods more attractive abroad. The largest gains were registered in semilinished goods and capital equipment, although consumer im-ports also jumped 22 percent.

Mexico's in-bond manufacturing industry — which gives tax advantages to foreign companies that assemble goods here for export also is continuing to grow at a sig-nificant pace, according to Banco Nacional de México SA

Lower interest rates in the United States stand to help Mexico intwo ways, according to government officials and private economists.

They have reduced by about SI billion the estimated \$10 billion that Mexico was going to have to pay on its foreign debt this year.

In addition, officials hope that the low rates in the United States will reduce the flight of capital from Mexico, which some non-government economists estimate reached \$2 billion in the last half of 1984 -considerably more than the government has acknowledged.

Even though the peso is currently being devalued at a rate of 25 percent a year, the rates being paid by Mexican banks and treasury issues --- some in excess of 60 percent a year — now give a substantial advantage to those who keep and spend their money in Mexico.

The high rates, while discouraging to business, are also an indication of progress: the result of a new law that prevents the government from making up its deficits by sim-ply forcing the central bank to print money, and requires it to seek its funds in the public credit mar-

"Little by little, we are coming out of it," one Mexican treasury wants to buy the rest as soon as official said of the crisis, "but it is a very slow process."

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#### **COMPANY NOTES**

production of very large scale integrated chips at its factory in Dallas to 2.4 million chips in 1986; a com-pany vice president said in Tokyo.

Internorth Inc. said it completed its \$70-per-share tender offer last Friday for Houston Natural Gas Corp., receiving 31,170,888 shares, or 96.4 percent of the company's outstanding stock.

Kenilworth Systems Corp. said it was released from Chapter 11 pro-ceedings under the U.S. bankruptcy code and would begin reorganization immediately. Kenilworth will issue 1,961,505 common shares in full settlement of all creditors' claims and legal proceedings. It will also pay \$515,000 eash to governmental and other priority obliga-

Landis & Gyr AG of Zug, Switzerland, said incoming orders in the first half of the fiscal year ending Sept. 30, 1985, rose 13 percent to 807 million Swiss francs (\$313.8 million). It said invoiced sales rose 20 percent to 744 million francs and production was up 16 percent at 768 million francs.

Pengeot SA has scrapped plans man said in Tokyo.

Hitachi Ltd. plans to double its to build 4,000 huxury sports cars annually in Michigan with the coachbuilder Cars & Concepts, according to Automotive News, a trade newspaper in Detroit.

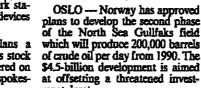
> Raiston Puring Co. and Forstmann Little & Co. said they terminated their agreement signed last month under which Forstmann would have bought a Raiston unit, Foodmaker Inc., for \$500 million. The two companies cited falling sales in the fast-food industry and a decline in earnings of Foodmaker, which includes the former Jackinthe-Box restaurant chain.

Tandem Computer Inc. of Capertino, California, said it would introduce in the third quarter of 1985 five new products that would allow customers to use Tandem networks to provide company-wide information systems. These systems would link users of a variety of incompatible personal computers, work stations, terminals, facsimile devices and local area networks.

Trio Kerwood Corp. plans a 1-for-10 or a 1-for-20 bonus stock issue to shareholders registered on May 20, 1986, a company spokes-

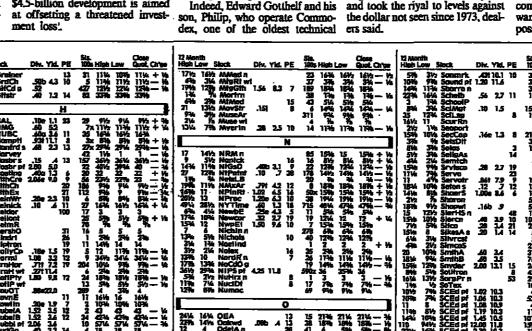
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The theme of this year's conference is "Surviving in a Competitive Environment". The program, designed for all senior executives in energy and related fields, will address the key issues affecting the current energy situation and assess future trends and strategies.

For full details, please contact the International Herald Tribune Conference Office, 181 Avenue Charles de Gaulle, Telephone: (33-1) 747-12-65, Ext. 4568, Telex: 613595

# Mondays

(Reuters, IHT).

Tables include the autionwide pric up to the closing on Wall Street and do not reflect late trades elsewh Via The Associated Press

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O New York Times, edited by Eugene Maleska. DENNIS THE MENACE

52 Overaci 53 Strength 54 Croat or Slovene 56 Do a magazine **61** Tallish tale

"I LIKED THIS STUFF BETTER LAST WEEK

WHEN IT WAS NEW ." JUMBLE THAT SCRAMBLED WORD GAME
by Henri Arnold and Bob Lee Unscramble these four Jumbles one letter to each square, to form four ordinary words. NEQUE KRILLE 16 WHAT NEPOTISM PELPIN Now arrange the circled letters to form the surprise answer, as suggested by the above cartoon.

Jumbles: BEIGE PEONY DISCUS FORGET Answer: What a murky fog gives drivers— THE "CREEPS"

BLONDIE AND REALLY (IT IS ?! THIS CLAM CHONGER









**REX MORGAN** YES --- MINUTES AFTER I LEFT! THE DESK CLERK TOLD ME I WAS TO CALL HER, WHICH I DID! I MUST ADMIT THAT I WAS ANNOYED --- BUT I DIDN'T SHOW IT! SINCE MR. MARLOWE'S SECRETARY COULD NOT GIVE ME A SPECIFIC TIME WHEN HE'D BE AVAILABLE, I TOLD HER ID GO BACK TO MY HOTEL AND WAIT FOR A CALL THERE! I HAD A RENTAL APPARENTLY CAR AND COULD BE BACK IN TWENTY YOU DID! WE LOST A \$50,000 SALE DID CALL YOU, DID



**BOOKS** 

THE HOUSE OF THE SPIRITS

By Isabel Allende; translated from the Spanish by Magda Bogin. 368 pages. \$17.95.

Alfred A. Knopf, 201 East 40th Street, New York, N. Y. 10022.

Reviewed by Jonathan Yardley

THIS FIRST novel by a Chilean journalist I comes to the United States after a great success, both commercial and critical, in Europe. At first glance it is tempting to suggest that this is explained by the author's minor celebrity - she is a niece of Salvador Allende Gossens, the leftist president of Chile who was ousted in 1973 by a military junta that described his subsequent death as a suicide—but the novel itself indicates otherwise. "The House of the Spirits" does contain a certain amount of rather predictable politics, but the only cause it wholly embraces is that of humanity, and it does so with such passion, humor and wisdom that in the end it transcends politics. It is also a genuine rarity, a work of fiction that is both an impressive literary accomplishment and a mesmerizing story fully accessible to a general readership.

Like so many other writers now at work in Latin America and elsewhere in the Third World, Isabel Allende is very much under the influence of Gabriel Garcia Marquez, but she is scarcely an imitator. Like Garcia Marquez, she has created a world that interweaves the real and the fantastic, she has devised a colorful, ironic language with which to describe it, and she has addressed herself to the contemporary Latin American political and social situation. But her narrative method is more conventional her prose is less flamboyant, and her

politics are less insistent. She is most certainly politics are less insistent. She is thest certainly a novelist in her own right and, for a first novelist, a stardlingly skillful, confident one. Her story takes place in a "country of catastrophes," a "half-forgotten country at the end of the earth" that could be Chile or just about anywhere else in Julia America, a Laten anywhere else in Latin America: 3 Latin Everyland where the wildness and inviters of nature are always close at hand, where the very rich and the very poor coexist in an uneasy into open conflict. The very rich in this story are the family of

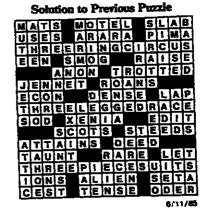
Esteban Trueba, an energetic, willful mun whose "most salient trait was his meadiness and a tendency to grow violent and lose his head"; the very poor are the peasants who farm his lavish estate in the countryside for wheat time was measured in seasons, and thought by generations," who have been taught by hard experience "that in the end the for always eats the hens, despite the subversive ballads that were traveling from mouth to mouth preaching just the opposite."

Esteban is the only character who lasts through the novel's beginning around the turn of the century until its conclusion same time near the present, yet he is not really its central character. That distinction is shared by three women: his wife, Clara, his daughter, Blanca, and his granddaughter, Alba, They are an extraordinary trio, of whom Clara is the most extraordinary. She is possessed of supernatural powers and as a girl is known as Clara the Clair-ovant because, among other things, she can "interpret dreams," "predict the future and recognize people's intentions," and "mave objects without touching them."

What Esteban comes to understand at the what esteroan comes to understand it the end of his days is not that one side or the (wher was right, but merely that nothing is immuta-ble, that "a world he had thought was good had crumbled at his feet." Allende has the toler-ance and the wisdom to understand that there is larger table human has when any world is lamentable human loss when any world crumbles, even if it was not a good one, and the cantankerous Esteban emerges at last as a deeply sympathetic figure.

"The House of the Spirits" rises above its evanescent political concerns. It is not about ideas or causes but about people, who move "down through the centuries in an unending tale of sorrow, blood and love." Allende has created a world out of the reality of Latin America and the fecundity of her own imagination. The result is a novel of force and immediacy, compassion and charm, spaciousness and

Jonathan Yardley is on the staff of The Wash-



#### **CHESS**

By Robert Byrne

THIS year's running of the O-R4; 17 N-K2, N-K5; 18 B-I traditional Sarjevo Interna- B4 wins a piece. tional Tournament in Yuguslavia was won by Smbat Lputian. 25 . . . B-B4!? was an attempt a 27-year-old Soviet grandmasto lure Lputian into trapping ter. With a 1012-412 score. Lputhe black queen with 26 P-N3. tian surpassed Ulf Andersson. a 33-year-old Swedish grandmaster, by a half-point.

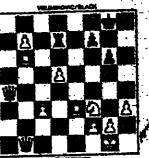
Zoltan Ribli came in third with B4, B-K3. However, Lputian

In the 12th round, Lputian plan for winning, won a sharp encounter with the With 29

Black could not play 15...QxP: since 16 P-QR4.

Velimirovic's OxR; 27 PxQ, BxB, which gives Black some chance for obscure naster, by a half-point. complications after 28 R-N6. The Hungarian grandmaster. B-K5; 29 N-Q2, BxQP; 30 Ppreferred to follow his own

With 29 ... R-Q2, Veli-Yugoslav grandmaster Dragol-iub Velimirovic. mirovic threatened to recoup B3ch, K-R4 the vital pawn with 30 . . . Q- 47 QxBPch However, it began inauspi- R2, yet Lputian discovered a After 45 Q-R8ch!, Velimiro-



herito H

h list in the

OxP; 44 RxPch, K-N4; 45 N-B3ch, K-R4; 46 R-B5ch!, PxR;

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EACH FRIDAY IN THE IHT

#### **SPORTS**

## **Boyd Again Blanks Orioles for Red Sox**

BALTIMORE - Dennis Boyd shut out the Baltimore Orioles again Sunday, and this time it was a bit of overkill.

Backed by 17 hits that included a home run by Jim Rice, Boyd pitched a three-hitter as the Boston Red Sox beat the Orioles, 12-0, for "I love facing the Orioles," said

#### BASEBALL ROUNDUP

Boyd. "Some of their guys come to bat and grit their teeth against me." major leagues to be shut out this season, had not been blanked since Boyd turned the trick last Sept. 21. But while losing all three games of this series the Orioles batted

only .172, and went 3-for-31 with runners on base.

Mike Easler, batting 450 in his last 10 games, figured in three Boston rallies with two doubles and a single. Marty Barrett also had three Cubs 5. Practs 1: Jody Davis Davis Davis Local Angeles.

hits and drove in three runs. Rice, poked in the left eye when he collided with center fielder Steve Lyons while chasing a fly ball in the fifth, left the game in the seventh. The injury was not believed to be

Tigers 8, Blue Jays 3: In Toronto. Nelson Simmons and Lon Whitaker each hit wind-aided homers and Kirk Gibson drove in three

runs as Detroit won. Mariners 10, Indians 6: Ken Phelps, Phil Bradley and Jim Preslev each drove in three runs to help Seattle win in Cleveland.

White Sox 5, Twins 1: In Minneapolis, Tom Seaver scattered five

City to eight hits in Anaheim, Califorma, and Bob Boone singled in a run in the fourth inning as his team regained first place in the West.

Rangers 8-5, A's 4-6: In Oak-land, California, Dave Kingman led off the bottom of the eighth the A's a split of the doubleheader. Gary Ward and Cliff Johnson each singled in runs during a live-run lifth as Texas won the first game.

Padres 5, Reds 3: In the National at and grit their teeth against me."

League, San Diego's Andy Hawkins scattered eight hits over seven
innings in Cincinnati to run his record to 11-0 and teammate Graig Nettles homered. The Reds' playermanager, Pete Rose, went 2-for-5, and now is 48 hits shy of breaking Ty Cobb's record of 4.191.

drew a bases-loaded walk and Chris Societ hit a two-run single during a four-run sixth in Chicago that gave the Cubs a four-game sweep of Pittsburgh. The Pirates have lost six straight.

Phillies 4, Expos 1: In Philadel-phia, Glenn Wilson's three-run homer beat Montreal and ended a

four-game losing streak.

Astros 5, Giants 0: Joe Niekro's two-hitter in Houston made him the winningest pitcher in Astros history—he has 138 victories with the team - and Mark Bailey hit a three-run homer for a three-game sweep of San Francisco

Mets 6-2, Cards 1-8: In New hits for his 294th victory in the York, George Foster and Rafael maiors.

York, George Foster and Rafael Santana each drove in two runs in Brewers 9, Yankees 4: In Mil-waukee, Jim Gantner and Ben Og-livie each hit two-run homers and inside-the-park grand slam homer Pete Vuckovich stopped New York on three hits for 6 2/3 innings.

the tennis the two women produc

dominated, then Navratilova.

fitness and strength.

each other that we're better."

By John Feinstein

years. They have been friends and champions. First, Evert

Now, remarkably, just when it seemed the rivalry was over as

a true competition, Evert has climbed back to make the two near

equals again. She has won the last two Grand Slam titles and, in

"She's playing the best tennis of her life," Navratilova said.
"She's actually improved at the age of 30."

Evert agreed. "I think we've made each other better," she

said. "I made her improve her groundstrokes and her discipline.

"Right now, I think we're both at or right near our peak as

players." That was why the match "was so important to both of

us. As many times as we've played, we're still trying to prove to

Then, when she passed me, I became very conscious of physical

1985, she and Navratilova have split their four matches.



Kareem Abdul-Jabbar left no doubt which team he thought

## Lakers Treasure Victory Long in Coming

#### Abdul-Jabbar Calls It 'Historic' End to Years of Frustration Against Celtics

By George Vecsey
New York Times Service

BOSTON - Kareem Abdul-Jabbar remembered it as if it were yesterday: "You always remember important things," he said.

He had just come home from the third grade to his family's apartment in Manhattan, in time to catch the sixth inning of the sev-enth game of the World Series.

Gil McDougald was on base and Yogi hit one into the corner and Sandy Amoros turned it into a double play," he recalled. "Then Johnny P. shut 'em down the rest of

Although he lived in Manhattan, the young Lew Alcindor, as he was named then, was a Brooklyn Dodgers fan, and he celebrated their victory the best way he knew: "I yelled out the window

He may not have celebrated that demonstratively again until Sun-day, when he came out of the game with 14 seconds remaining and waved both index fingers on either side of a huge grin. He was celebrating the first time the Los Angeles Lakers had beaten the Boston Celtics for the National Basketball Association title and he knew just how much that meant.

This is historic," he said. "This is iust like 1955." The Brooklyn Dodgers lost five

straight World Series to the New York Yankees and the Lakers had tried eight times without beating the Celtics in the final round. Boston has never lost one here." Abdul-Jabbar said. "Boston has

never lost one to the Lakers. And Boston has never lost one to Kareem Abdul-Jabbar." He and the Lakers had won championships, but only when the Celtics had not made it to the fin-

it, the Lakers carried the burden of history into Sunday's game. The championship banners locker room were pointing inward hanging from the rafters, the re- Sunday. It was equal parts humility

als. And try as they might to deny

the images of the two teams: liant, frustrated.

Every time Abdul-Jabbar skyhooked over an exhausted Robert Parish, every time James Worthy soared home with a dunk, every time Magic Johnson slipped a quick pass inside, it eased the psychic stigma the Lakers carried

The victory over a weary fiveman team with almost no healthy reserves cannot and should not obliterate the past: Sharman help-ing to sweep the old Minneapolis Lakers in 1959; Frank Selvy's shot hitting the rim in the seventh game

five-game rout in 1965; the 32 re- this series. But the Celtics' huge bounds by Bill Russell in the sev-Boston: gritty, resourceful, enth game in 1966; the 25-point roud. Los Angeles: flashy, bril-romp in the sixth game in 1968; the seventh-game loss in 1969 when the Lakers could not win with Jerry West, Baylor and Will Chamber-

lain, and the seventh-game loss in

the Garden last year. "Just think about Jerry," Abdul-Jabbar said, referring to West, the Lakers' general manager. "He was

in seven of them." The Lakers swept through the Western Conference playoffs, ated that he would play only one keeping their eye on Boston. They would not say it exactly this way, but the best championship of all would be over Boston.

tired numbers of all the great Celtic in 1962; the charging foul against players, including the No. 21 of the Lakers' president, Bill Sharman, only served to remind the Lakers of five-game rout in 1965; the 32 re-

margin of victory was illusory. After the fifth game, the Lakers knew the Celtics were staggering. but they could not count on having it easy in Boston Garden, where the stands rise close to the court and the fans scream ugly remarks at the

visiting players. But now the Celtics' 26-year domination was over.

And Abdul-Jabbar, the most valuable player in the series, reitermore season, then retire. Because, he said, "There is a time for everything, and I feel time running right

## For Celtics' Bird, the Pain Went Deep

By Steve Springer Los Angeles Times Service

BOSTON - Those who thought Larry Bird was hurting before, with bone chips in his elbow and swelling in his right index finger, should have seen him Sunday.

This time, the hurt went much

deeper. Right to the heart.
"When you lose, you're a failure," the Boston Celtics' star forward told the army of reporters that advanced on his locker stall in seemingly endless waves. "We played like a bunch of guys who failed. It took us over 100 games to get here, and we let it slip away. I feel bad for us. The crowd was

there; the players were not.
"But what can you say? When you shoot 35 percent" — actually 36.5 percent — "it's time to lock up the building for the summer."

All the fingers in that Boston

mixed with admiration for the guys in the other locker room. All the talk of the Los Angeles Fakers, the quiche eaters versus the blue-collar guys and showtime versus the work

hic had dissipated. Bird also was critical of the new

' When you lose, you're a failure.'

2-3-2 format for the championship series, a format that gives the team with the second-best regular-season record the home court for the middle three games. In the past, the format has been 2-2-1-1-1.

down and go to sleep. It's not to the end of the regular season. "I'll

shots Sunday, placed the major blame for his team's failure squarely on his own shoulders.

"I thought I could carry the team," he said, "but I was just out there. I thought I was ready to play I thought it was my day. I couldn't believe the shots would not go in. I took 29 shots and every one that missed, I said to myself. 'The next one is going in.' But my shots were just falling short. I didn't play my game all day long. I've been the hero. You've got to be the goat

sometimes." Bird said the Lakers' Pat Riley is "an excellent coach. His strategy was very good. From game to game -"Next year, if they have a 2-3-2 I had to keep changing what I was format," he said, "we may lay doing It was unbelievable the way he coached."

our advantage. If it comes to that, I He also thought about the Lak-guarantee I will not be playing at ers' Kareem Abdul-Jabbar and said: "I just hope he retires after

#### From the Mouths Of Babes. . . .

FORT WORTH, Texas - If a first-grade class had its way, baseball's Texas Rangers would not get paid until they pull out of dead last in the American

League West Division. The team also should forgo television, late-night parties and Gatorade, according to Tanglewood Elementary

School students. Class members have won free Rangers tickets from the Fort Worth Star-Telegram newspaper for that sage advice, in a contest called "What's Wrong

With the Rangers." A sampling of other Tanglewood entries:

"Practice batting on a tee, like in tee-ball." Kelly Pugh. "Make the players do 200 push-ups and sit-ups before each game." Tyler Monahan. "Give each one a four-leaf

clover." David Hatley.

## was the best after the Lakers beat Celtics for NBA title.

## Evert Vs. Navratilova: Unparalleled Match in Tennis' Greatest Rivalry

Washington Post Service have discussed how long they should continue playing, how long PARIS—This is the era of exaggeration in sports. Good is it might be before worthy successors would emerge. Beyond that, each says the other's presence keeps her going. labeled great and great is labeled unparalleled. And yet, long after Saturday's French Open women's final, the consensus remained the same: Chris Evert Lloyd and "I think it's very hard to stay interested if you're winning easily all the time," Evert said. "You need something to work

Martina Navratilova had played a tennis match of unparalleled for. Just winning and winning and winning easily can get boring The true wonder of Evert's marathon two hour and 52 Without Evert, Navratilova might have become bored long ago. Without Navratilova, Evert might have retired by now. Now, Evert, who never thought she would still be playing at 30 minute, 6-3, 6-7 (4-7) 7-5 victory goes beyond the brilliance of

What made the match so special was the nature of this rivalry. — much less playing better than ever — talks about playing . Evert and Navraillova have traveled the world together for 11 another year after this one. Navratilova, who is 28, talks about the two of them exiting

PARIS - Throughout the French Open, Mats Wilander

was asked again and again whether he really wants to be the

No. 1 player in the world. He is ranked No. 4 and Sunday's

victory gave him four Grand Slam titles, two French, two

But some, including the top-ranked John McEnroe, have wondered aloud if Wilander wants a top ranking. Wilander

admits he does not like to practice and often is bored by

terms. "I'm not going to practice eight hours a day," he said.
"I want to win tournaments, especially big ones like this, but I

Australian, at the age of 20.

won't practice eight hours a day."

might happen to women's tennis if they retired now, that they couple of years," she said, moments after suffering a major disappointment at Even's hands. "I'm sure whenever she re- The fact that each wants to beat the other so badly, even at a tires. I'll follow shortly. The game won't be the same for me stage in their careers when they already have won everything

Certainly the game will never be the same without these two. Evert has now won 17 Grand Slam titles, Navratilova 11. Most of the records Evert does not hold were broken by Navratilova. "This comes at an interesting time for me," Evert said of her victory. "I have thought about retirement, whether to play just

this year or play another year. This kind of thing will make the rest of the year more fun and more exciting for me."

lost the last two. For the first time since 1982, Evert is close the game together. "I hope Chris hangs around for another

night and I've been working around our house all day. I don't It also should give Navratilova something to shoot for. After winning six straight Grand Slam titles in 1983 and 1984, she has behind her for the No. I spot in the women's rankings.

feel a bit tired. I feel great. People will remember Evert and Navratilova long after they stop playing. People will remember this match, the length of the rivalry, the great play and the graciousness.

More important, though, is the tennis the two have produced:

there is to win, is a tribute to their competitiveness and to the

going to be the happiest person in the world and the loser the saddest," Evert said Sunday from London. "It's amazing what

winning a match like that does for you. I slept two hours last

"It was the kind of match where you knew the winner was

respect each has for the other after so many years of battle.

"I'm proud I've been part of something like that," Evert said Sunday. "I still remember the first time I played her. It was in Akron, Ohio" in 1973, "I was 17 and she was 15. I had never If Practice Makes Perfect, Wilander Prefers the Flaws heard of her and I walked on court and there was this little

overweight girl. But she was strong. I had trouble with her serve and we ended up in a tie breaker in the first set before I won, 7-6, 6-1. But I was shocked by her. I thought then, 'If this girl ever gets into shape we're all in trouble.'

They said that about Navratilova for years, until in 1981, several years after her defection from Czechoslovakia, she began to reach her potential. If she had not done that, Evert'

"No one is bigger than the game," Evert said. "It went on without Court, without Billie Jean. It will go on when Martina and I retire. But I know our rivalry has made tennis a better

#### What is perhaps most striking about this rivalry is what it "Use bigger balls and bigger means not only to them but to their sport. Evert admitted bats." Lara Wallentine. Thursday that she and Navratilova have talked about what

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#### Baseball Sunday's Major League Line Scores

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russon, Weish (7) and Slaught; McCoffty, Kalser (7), Howelt (7) and Tellieron, Health (9), W—Howelt, 4-1, L—Weish, 6-1, HRs—Fax-Cleveland 198 916 486—6 9 3 os. Harrah (3), Ookland, Davis (14), Murphy Wills, Vande Bèra (7), Nungz (7) and Scoff; (8), Kingman (14), Bochte (1). Major League Statistical Leaders

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AMERICAN LEAGUE

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## Basketball

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CELTICS-LAKERS CHAMPIONSHIPS CELTICS-LAKERS CHAMPIONSHIPS
Results in previous NBA championship series in which the Cathics and Lokers bave met:
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1985-86-Boston Celtics der. LA Lakers. 4:1
1985-89-Celtics der. LA Lakers. 4:1
1985-89-Celtics der. LA Lakers. 4:2

NRA CHAMPIONS 1984-85—Los Angeles Lokers 1983-84—Boston Celtics 1987-83—Philadelphia 76ers 197-74-05-75 199-17-Boston Celtics
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idea, since both of them lost in the finals."

Truly an athlete with the right priorities.

better physical condition?

-Minneapolis Lakers

Transition American League
KANSAS CITY—Signed Brion McRoe

Political for essignment.
PITTSBURGH—Rectivered Joe Orsulot.
outfleider, Optioned Tranch Dovis, outfleider, to Howell of the Pacific Coast League. Soccer

WORLD CUP QUALIFYING South American Group One ing 3, Venezuela 0 Peru 0, Colombia 0
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South American Group Three

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## USFL Standings

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#### Would he be willing to try a special diet, like the ones Martina Navratilova and Ivan Lendl have used, to get into "I don't think I want to do that," he said, smiling. "Anyway,

I think this tournament shows that maybe it's not such a good might have 25 Grand Slam titles. She might also be retired. And No diet. No eight hours a day. And what about Sunday women's tennis would certainly not be the same. night? "Tonight I have plans for," he said. "But nothing I can tell you about."

- John Feinstein game. That makes me feel good."

#### **SPORTS BRIEFS**

#### Maltbie Birdie Wins U.S. Golf Playoff

HARRISON, New York (NYT) --- Roger Maltbie sank a seven-foot (two-meter) birdie putt on the fourth hole of a sudden-death playoff Sunday to beat George Burns and Ray Floyd in the Westchester Classic golf tournament.

All three birdied the 18th hole of the final round to finish at nineunder-par 275 for 72 holes. Malthie could have won on the second or third playoff holes but he missed the birdie putts. At the par-3 16th, Maltbie was the only one to hit his tee shot onto the green. Burns went

#### into the left bunker and Floyd landed in deep rough near that bunker. Elliott Takes 6th Grand National Race

LONG POND, Pennsylvania (AP) - Bill Elliott won his season's sixth Grand National stock car race Sunday, taking advantage of a series of late caution flags in the Van Scoy 500 to charge into the lead 11 laps from the end, then holding off Harry Gant.

Driving a Ford Thunderbird, Elliott crossed the finish line just .4 of a second ahead of Gant's Chevrolet Monte Carlo SS. Darrell Waltrip was third in a Monte Carlo. Elliott, who at 29 is dominating Grand National racing, now has won at least once on each of the eight super-speedways on which the Grand

#### National circuit competes; he also has won eight of his last 13 races. Trevino Takes Wing in British Masters

WOBURN, England (AP) — Lee Trevino, with an eagle 3 off what he called "probably the best shot I have hit in my life," won the British Masters Golf Tournament by three strokes Sunday.

The shot was a three-wood approach to the last hole. The ball traveled

255 yards, cut back into the wind and came to a halt six inches from the hole. Trevino started the last two rounds, both played Sunday because Thursday's was rained out, in ninth place and shot 69 and 67. Rodger Davis of Australia was second. Severiano Ballesteros of Spain. still winless in Europe this year, was five back after rounds of 74 and 70.

#### For the Record

Mexico's national soccer team beat England, 1-0, in an exhibition match Sunday in Mexico City; it was the first Mexican goal and first Mexican victory over England in 26 years. (AP)

Calvin Peete, a two-time winner this year on the U.S. pro golf tour, may have to withdraw from this week's U.S. Open Championship because of chronic back trouble. The Illinois Racing Board has documented 19 cases of winning horses: being doped with a potentially lethal narcotic, 10,000 times stronger than morphine, that is being used to drug horses and fix races in harness tracks.

throughout Illinois, the Chicago Sun-Times reported Sunday. (UPI) Bernard Hinault of France won the Tour of Italy on Sunday; it was his third triumph in the cycling race.

(AP)

The Philadelphia 76ers refused Monday to give up a first-round draft choice, as demanded, as compensation to the Detroit Pistons for hiring their coach, Chuck Daly. Barry McGuagan, the new World Boxing Association featherweight

champion, arrived home in Bell'ast, received a tumultuous greeting from a

large crowd and said, "I am going to celebrate for a week and I hope Promoters of a grand prix race in New York asked the internationalsanctioning body to withdraw the September date and place it instead on the 1986 racing calender.

37

#### ART BUCHWALD Tax Reform Made Easy

WASHINGTON — The mail Dear Sir.
Why is the president so insistent

I keep reading in the newspaper that the only people who will benefit from tax reform are the very rich and the very poor. How can the Dear Worried New Yorker,

Dear Larry, The very poor will gain in this way. Their capital gains taxes will be cut from 20 percent to 17.5. So.

for example, if poor people sell a piece of investment real estate or a block of stock, they will profit tremendously from the reduced rates. Secondly, while poor people may not be able to

Buchwald subtract the in-

terest on their vacation homes, they will still be able to deduct the interest on their principal residences. Thirdly, even though poor people will be limited on deducting business travel and entertainment allowances, they will be able to keep more of their \$3.50-an-hour mini-

My company makes computer chips. We have a special box for the Dallas Cowboys home games where we entertain our customers. Under the new tax bill we will not be able to deduct the cost of the box. How can we sell chips if we can't take our clients to watch the Cowboys play?

Horatio Alger IV

computer chip that works.

Book-Fair List Is Approved New York Times Service

NEW YORK - The Association of American Publishers, which two weeks ago repudiated its own the Moscow Book Fair in September, has now decided that no changes are necessary in the 313 books chosen.

that state and local taxes no longer be deducted from your federal taxes? He keeps referring to my state as a wasteful spender. Worried New Yorker

very poor benefit from a change in The president doesn't like your state because you have a Demo-Larry of Lafayette Park cratic governor, and if Mr. Reagan can make life miserable for him. Mr. Cuomo won't be able to get his party's nomination in 1988.

> How much revenue will President Reagan's tax reform bill bring into the Treasury?

Just Curious

The president's tax simplifica-tion is "revenue neutral," which means that by the time the lobbyists and Congress get through with it, there will be a lot less money coming in and the delicit will grow even larger than it is now.

Then why is he doing it? Just Carious

Dear Just. You already asked a question. Let someone else have a chance.

Why doesn't President Reagan in his tax reform speeches mention that the real reason people are so mad at the present system is because the Internal Revenue Service computers don't work, and the people who work for the IRS are always trying to scare the hell out of

Frightened Silly

Dear Silly. When the president talks about tax abuse, he never likes to point For starters you might make a the finger of blame at anybody. It's just not his style. Dear Sir.

My brother and I are two people who believe that the more complicated the IRS tax forms are, the better it is for the American people. We say Washington should keep its cotton-picking hands off the Form committee over its selection of 1040. Could you please pass on this American books for an exhibit at message to Mr. Reagan and the

H&R Block

It's done.

## New Cachet for an Old Drink in Japan

By Clyde Haberman New York Times Sernce

KYOTO, Japan — Masuko Ito, who runs a small bar in Yokohama, had no intention of ever selling the stuff. "It did not fit our shop's style," she said, her voice coated with a thin layer of hauteur. But customers kept insisting, and about a year ago Mrs. Ito and her husband, Hiroshi. broke down and finally added it to their drink list. Now, she says. it accounts for about 60 percent of her business.

The stuff is called shochu, a colorless, odorless but not always tasteless spirit distilled from rice. barley, potatoes, chestnuts or just about anything else that the mind can conceive and the stomach can

It is a centuries-old Japanese drink that seemed to be dying out only a decade ago, dismissed by many newly affluent Japanese as unworthy rotgul. Suddenly, as the Itos learned, shochu has become the honest drink in Japan.

A government report last month revealed that, on the strength of its popularity among young people and a high-powered promotion campaign, shochu sales leaped in 1984 by 40 percent, on top of a 30-percent rise the year before. The 137 million gallons (518 million liters) bought, and presumably drunk, last year were more than 2.5 times the shocky intake in 1976.

Meanwhile, sales of whiskey, beer and sake have slumped badly. Together, they still account for 88 percent of all alcohol sales. But shochu, with 7.5 percent of the market, has moved past whiskey and now trails only beer and sake in popularity.

Minoru Kukita, president of the country's leading shochu manufacturer, the Kyoto-based Takara Shuzo Co., believes his success will last a while. Japan, he said, had joined a worldwide "white revolution." a shift from traditional drinks associated with two-fisted types in favor of what are perceived to be lighter beverages such as white wine, vodka and gin. Kukita mentioned "the growth in American vodka consumption," which, until about produced two decades of ever-increasing sales. "So maybe we'll have the same thing here for shochu." Kukita said.



Students drinking shochu at a party in Tokyo.

Some Japanese look upon the phenomenon with no less surprise than Americans might register if Spam suddenly were regarded as the ideal accompaniment to fine wine and cheese. Shochu, which ranges from 40 to 70 proof or higher, had been dismissed for years in some circles as fit only for larmers and fishermen. And in this country's postwar march

neath's one station. This is not to say that shochu had lost its appeal entirely. Many Japanese who regarded themselves as paragons of good taste preferred it to other alcoholic beverages. Indeed, some enjoyed debating the relative ments of brands produced by the 800 or so small distilleries scattered across

toward prosperity, one tried to avoid drinking in public be-

the country. Traditionalists like their shochu straight or cut with hot water. They lean toward a more pungent variety known generically as ot-surui. This is distilled to a moderare level of purity; depending on its quality, it carries a flavor that at best is bracing and at worst gives the impression of having been filtered through old socks.

The other main shochu type. korui, is spearheading the present surge. It has no taste and, like vodka, mixes well with fruit juices

"I can drink it rather quickly, just like soft drinks," said Junko Hasegawa, 27, a Tokyo office worker. "I drink it at home before going to bed. It can taste like lemon soda, but it makes you sleepy at the same time."

Takara Shuzo started the boom slowly in 1977 by marketing a highly distilled shochu called Jun, which means "purity." Then in 1983, the company began mixing shochu's alcohol with fruit flavors and selling the results in cans under the name Can Chu-Hi, a merger of the second syllable of shochu and the first syllable of hiebball

Sales were helped mightily when the company gave Chu-Hi the nickname Tokyo Drink — in English, since Japanese commercialism still relies on English oddments — and put John Travolta on television at his supple best. Travolta bumps a little here, rinds a little there, holds up a Chu-Hi can and says. "Tokyo Drink," which is as close as he

comes to speaking Japanese. "Younger people don't know that it was regarded as a poor, lower-class, unacceptable drink,"

Even he, however, was surprised by the extent of shochu's following. In 1983, Knkita said, lons of sake and slightly the company expected to sell 2 than a gallon of whiskey.

million cases, or 48 million cans, of Can Chu-Hi; instead, it sold 5.8 million cases. Sales have been helped by the government's po-licy of taxing shochu at a rate much lower than the rates applied to other alcoholic beverages - a practice that reflects benign ne-glect of a drink that, until recently, had not sold well. In Japan, nearly half the price of a bottle of beer goes to the tax collector. The government's take is 50.3 percent on a bottle of high-quality whiskey and 40.1 percent for the best sake. But it is only 14.4 percent for korui shochu and 8.7 percent

Thus, a quart of shochu costs about \$2.10, while a bottle of decent domestic whiskey is nearly \$16. (Although its sales are growing wine still accounts for less than I percent of the market in

The government's interest in elbowing its way to the bar is understandable. The Japanese drank a total 1.9 billion gallons of alcoholic beverages last year, a 3.2-percent drop from 1983 but still worth \$20 billion. In 1983, according to the Japan Trade Center in New York, the percapita consumption for Japanese adults was 18 gailons (68 liters) of beer, slightly more than 414 galions of sake and slightly more

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#### PEOPLE

## Super Concert for Hungry

have a global jukebox under the banner Live Aid." said Bob Geldof, leader of the specially formed dof, leader of the specially formed services free," said Geldof, lead news conference. The concerts will be staged at Wembley Studium in London and the John F. Kennedy Stadium in Philadelphia, Seven telecommunication satellites will beam the shows to an estimated audience of one billion people around the world, including the Soviet Union and China. Stars per-forming at Wembley will include Adam Ant, Boomtown Rats, David Bowie, Phil Collins, Elvis Costello, Dire Straits, Elton John, Howard Jones, Nik Kershaw, The Pretenders, Queen, Sade, Sting, U2, Uhra-vox, Whata, The Who (specially reformed for the event) and Paul McCartney. In Philadelphia the entertainers will include Mick Jagger, Eric Clapton, Duran Duran, Billy Ocean, Paul Simon, Tears for Fears, Neil Young and Stevie Won-der, Geldof said he hoped the event would raise at least \$12.5 million for the Ethiopian victims. Band Aid has already raised \$9 million.

The Japanese director Shinji So-mai won the first Tokyo International Film Festival's young director contest Sunday for his 1984 film 'Typhoon Club." The contest, the only competitive section in the fes- good front, its president, Brian Dy tival, was open to directors under award for excellence worth new taste was announced five \$500,000 went to the 36-year-old Hungarian director Peter Gothar ed out, the negative response has "Time Stands Still," made in 1981. The Turkish director Ali Ozgenturk, 37, won the Ozu Prize, a sufire Ozu, and \$250,000 for "The month in the firm's \$7-year lastery, Horse," Other films singled out for special jury awards were "Jacques of its change, which was made to fend off the charging Pepsi, won't nadian directors François Bouvier and Jean Beandry, and "Kiss of the Spider Woman" (1985) by the Real Spider Woman Spider Woman" (1985), by the Bra- chance to take effect.

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Some of the biggest rock stars of the last two decades will take part main event of the 10-day festival. in concerts in London and Philadelphia on July 13 to raise money for Ethiopian famine victums, organical movie, by the 75-vest-ofg nizers said Monday. The idea is to Akira Kuroussa, set in the 16th

1111

famine-relief rock group Band Aid, which will stage the events. "The most important people in the music world of the past 20 years will be day to lead all other films in the labing part and will be giving their taking part and will be giving their 12th annual Science Fiction. Fantasy and Horror Films presentssinger for the Boomtown Rats, at a tions in Los Angeles. It won awards for best horror film, best direction hest special effects, best music and hest supporting actress. "The Terminator" won the award for best science fiction film, and "Ghostbusters" was voted the best fantasy film of the year. Just Bridges won the prize for best accorfor his performance as the alien and "Starman," and Daryl Hannak was voted best actress for her mermaid. in "Splash"

> Jacones Cousteau and his crew sailed his research ship. Calypso, up the Potomac River Salurday and docked at the waterfront in Washington for Riverlest 85. The riverfront festival, in its second year, was designed by Mayor Mayion Barry to promote the historic waterway and the efforts to sten the pollution in the Potomac.
> About 1,600 people gathered to watch the Calypso pull into the pier with a fleet of tall ships behind.

It's hard to find Coke drinkers who prefer the new, sweeter, weaker Coke to the real thing, but the Cora-Cols Co. is maintaining & son, says the company has received 40. Somai, 37, won \$750,000 to- 40,000 telephone calls and letters. ward the cost of his next film. An most of them negative, since the weeks ago. Nevertheless, he pointbeen less than was anticipated. Pepsi-Cola, meanwhile, is feeling, effervescent, it reports May sales tribute to the Japanese director Ya- up 14 percent, the highest for say Coke contends that the true results

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